PROFILES

TERRORIST GROUP PROFILES

FG|AI|100-31

Preface

International terrorism has become an increasing challenge to the international rule of law and a major concern of the United States Government. In order to combat terrorism effectively, it is necessary to know the enemy. International terrorism is not a monolithic phenomenon. Terrorist groups differ significantly in terms of their aims, strategies, organization, capabilities, and a host of other attributes. They represent many disparate and often antagonistic causes, and they cover the ideological spectrum.

The United States represents a prime target for terrorist groups because of our commitment to political reform and constructive change. To terrorists, reform is anathema, for it represents continuation of the system they abhor and co-opts the revolution they hope to lead.

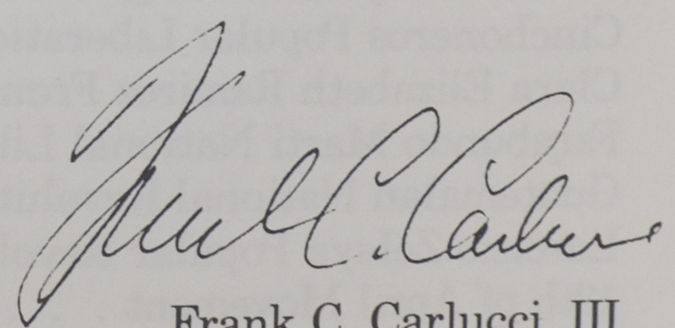
Terrorism is essentially a tactic — a form of political warfare designed to achieve political ends. It falls under the rubric of low-intensity conflict, which may be described as warfare at the lower end of the spectrum of violence, in which political, economic, and psychosocial considerations play a more important role than does conventional military power.

US Government representatives abroad have become prime terrorist targets. Captain "Bill" Nordeen, USN, our Defense Attache in Athens, was the most recent US fatality. He was murdered by assassins from the 17 November Organization only days before he was to return to the US and begin his well-deserved retirement. American businessmen, tourists, diplomats, military personnel, students, and even missionaries have become terrorist victims. The aim of such attacks is to discourage a US presence abroad, reduce our investments in overseas markets, and thereby erode US influence as a global power.

Within the target country, the terrorists' objective is to undermine confidence in the ability of the national government to provide basic security. The aim is to create economic and political dislocation that will ultimately render the target government incapable of governing. In such situations, a power vacuum is created which those challenging the government attempt to fill.

The study that follows is designed to provide the American people detailed information about key terrorist groups and thereby strip away much of their mystique. We anticipate it will be useful to researchers, students, the media, and others who follow terrorist issues. The study is divided into geographic sections that begin with an overview, followed by coverage of the key regional terrorist groups. Information includes an estimate of each group's membership strength, identities of key leaders, ideological orientation, target audiences, a narrative description of the group's background, and a selected incident chronology.

By providing such detailed information, we can help the American people understand better the terrorist phenomenon and place it in perspective as one of many challenges we must confront in this complex and sometimes violent age.



Frank C. Carlucci, III
Secretary of Defense

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Introduction

On any single day, acts of terrorism take place around the world for a variety of motives. Whether the terrorists style themselves as separatists, anarchists, dissidents, nationalists, Marxist revolutionaries, or religious true believers, what marks them as terrorists is that they direct their violence against noncombatants with the goal of terrorizing a wider audience than the immediate victims, thereby attempting to gain political influence over the larger audience.

On a theoretical plane, it is possible to discern several variants of terrorism among its practitioners; although these variants have distinctive characteristics, they also frequently overlap.

One such variant is organizational terrorism. Mostly small, tightly knit, and politically homogeneous, such groups are incapable of developing popular support for their radical positions and therefore resort to terrorism to gain influence. Examples include the Red Army Faction and the Revolutionary Cells in West Germany, the Red Brigades in Italy, Direct Action in France, and 17 November in Greece. Others of this general type have become transnational in their terrorist reach — having the potential to conduct terrorism almost anywhere in the world. The most notorious example of a transnational terrorist group that is basically of the organizational variant is the Abu Nidal Organization, a radical Palestinian group that has targeted civilians indiscriminately in its terrorist operations in many different countries. Others include the Japanese Red Army, whose recent reemergence on the terrorist scene is of deep concern, and the Armenian Secret Army for the Liberation of Armenia, which has been relatively inactive of late.

Another variant of terrorism is conducted within the context of insurgencies. Insurgencies can be ethnic separatist or country-wide. Normally they are wide-scale revolts against the established government conducted by paramilitary or guerrilla forces operating within the boundaries of the state under seige. These insurgent forces, however, frequently have a terrorist component seeking to undermine the government's credibility, legitimacy, and public support by directing terror at civilians.

An example is the New People's Army, the military wing of the Communist Party of the Philippines; in addition to insurgent activity, the New People's Army conducts terror to demonstrate that the Philippine Government cannot protect its people. Equally troublesome are terrorist acts undertaken to prove the continuing vitality of an insurgent group when its battlefield fortunes are declining, as seen in El Salvador and Colombia in the recent past.

A third variant — the one that poses the greatest challenge to the United States and other freedom-loving countries — is state-sponsored terrorism. This is direct sponsorship or abetment of terrorist groups and their actions by sovereign states. Such state sponsorship makes this terrorism deadlier, lengthens the reach of the terrorist activities, and is a matter of growing international concern.

Iran, Afghanistan, and Libya are among the most notorious state sponsors of terrorism. Syria was previously in this rank; however, following revelations in European courts of its involvement in terrorist acts in 1985-86, international pressure forced it to appear to mend its ways. By its blatantly terroristic act in November 1987 of downing a civilian South Korean airliner, North Korea clearly marked itself as a terrorist state sponsor. State sponsorship can take place at varied levels:

- Conducting actual terrorist operations (as did North Korea in destroying the South Korean airliner and Afghanistan in sending its agents into Pakistan to conduct an extensive bombing campaign).
- Providing encouragement, direction, and material assistance to terrorist groups

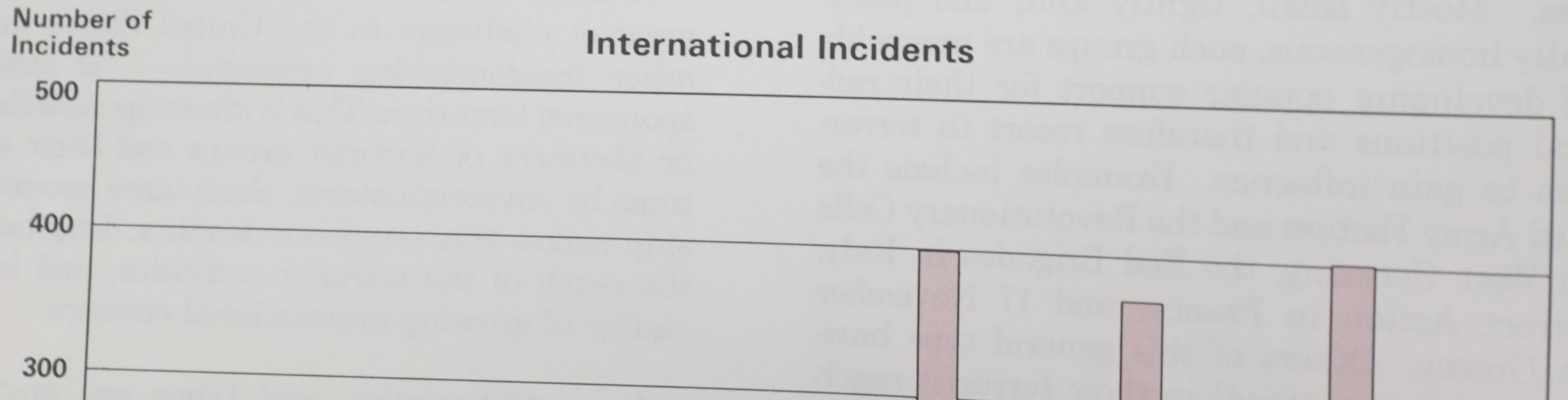
conducting their own attacks, which are also in the sponsoring state's interest (as Iran and Libya frequently have done by operating through terrorist surrogates).

- Providing weapons, explosives, training, safe passage, safehaven, and ideological justification (as do the state sponsors already mentioned, as well as South Yemen and others, to include some of the Soviet Bloc countries).

These states sponsor terrorism for varying reasons. Some do so to complement other instruments of state policy — to achieve foreign policy objectives that could not otherwise be achieved through conventional political or military means. Some states sponsor terrorism to create or expand their power and influence among ideological or religious movements, or as a means of establishing credentials with revolutionary movements worldwide. Still other state-sponsored terrorist incidents are geared at stifling domestic opposition through selective assassination of dissidents abroad.

For the most part, state sponsors of terrorism attempt to hide their involvement through proxies and other means. Their actions frequently are difficult to trace, so that they can maintain respectability and legitimacy in the world community while covertly sponsoring subversion and terror to achieve their goals.

This publication is designed to be a useful reference for those within and outside the government who study international terrorism, whether as security specialists, reporters, academics, or policy planners. The report profiles the more notorious terrorists groups, providing overviews of their political objectives, backgrounds, target audiences, and sponsors, plus a select chronology of their acts through 1987.



Middle Eastern Terrorism

Middle Eastern terrorism revolves around the issues of a Palestinian homeland, Israel's existence and policies, Arab states jockeying for regional power, sectarian strife, religious extremism, and, until recently, the Iran-Iraq War. The dramatic rise of Middle Eastern terrorism is a direct result of the steady growth of state support. Middle East groups and state agents have operated globally and have obtained sophisticated arms, extensive logistics, precise intelligence, and safehaven.

This region's most notorious practitioner of terrorism, Libyan military dictator Colonel Muammar Al-Qadhafi, historically has employed terrorism to lash out against regime opponents and to further his own foreign policy objectives within the Arab political arena and within worldwide revolutionary movements. Libyan People's Bureaus abroad, Revolutionary Committees, the Anti-Imperialism Center in Tripoli, numerous front organizations, and intelligence and security services all have been called upon at times to support Libyan terrorism. Following the April 1986 US airstrikes, however, detectable Libyan involvement in terrorist activity dropped significantly through 1987. Nevertheless, Qadhafi shows no sign of forsaking terrorism, and Libyan agents continue to track and kill opponents of the regime. Qadhafi has turned increasingly to surrogates for attacks, seeking greater plausible denial and safety from retaliation. Libya now hosts the most extreme Palestinian terrorist group — the Abu Nidal Organization — and there are other signs that Libyan involvement in terrorism may be again on the rise.

Syria, under President Assad, previously was an active, if not a more calculated, sponsor of terrorism. Syrian operations normally were confined to the Middle East, although Western Europe occasionally has been the venue for its activities. Three acts of Syrian terrorism occurred in Europe in 1986: an attempted bombing of the El Al airline in London, the bombing of the German-Arab friendship society in Berlin, and the bombing of the El Al ticket counter in Madrid. These attacks drew intense international criticism and sanctions, forcing Syria to distance itself from its previously close association with terrorism, although more circumspect support for terrorist acts in the Middle East likely will continue.

The Khomeini regime in Iran views terrorism as a basic tactic to be used against US and other Western influence and presence in the Middle East as well as a tool to foment Islamic fundamentalist revolution. Iran also uses terrorism to intimidate Arab states in the Persian Gulf and as another means to wage war against Iraq and its allies.

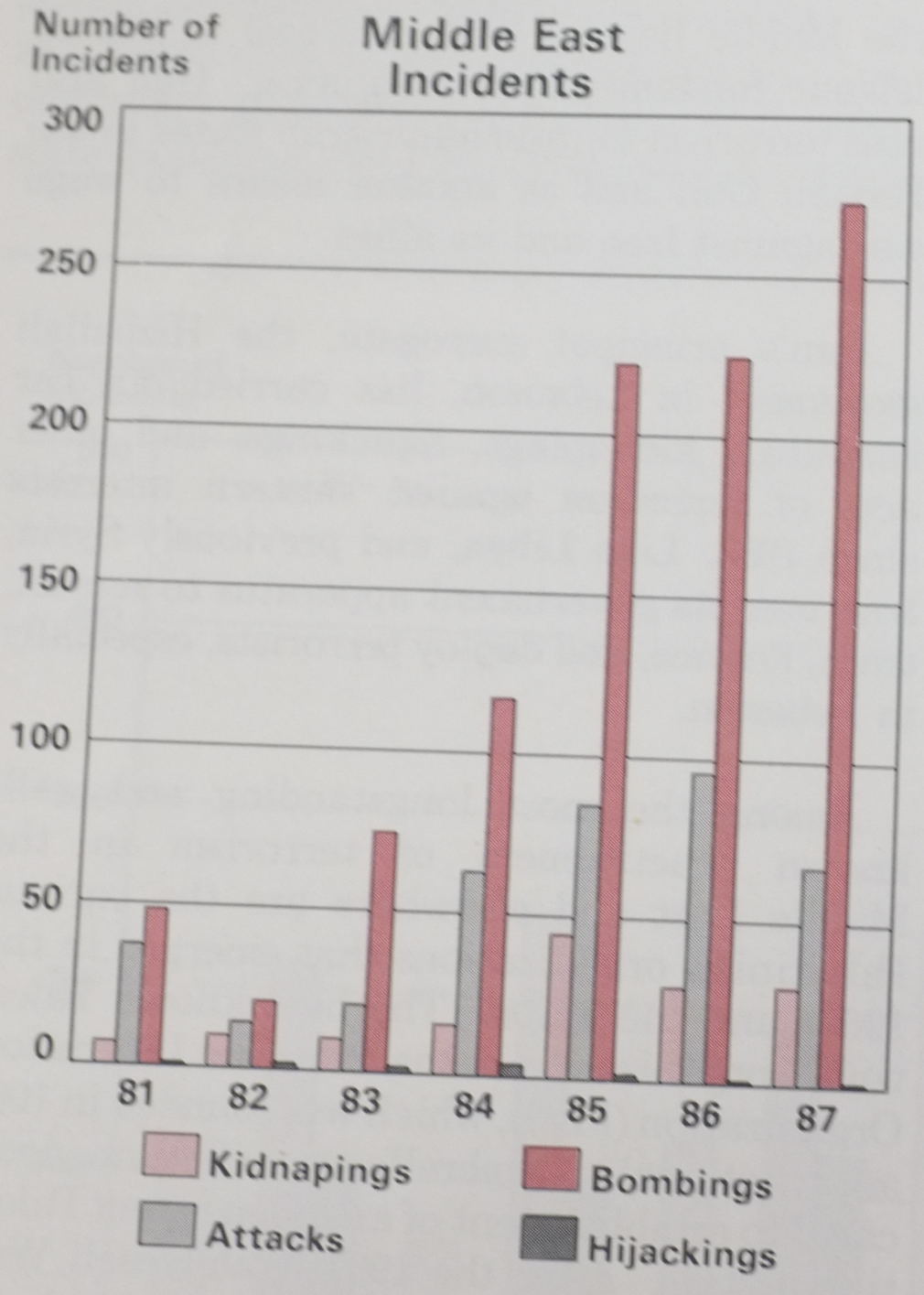
Iran's principal surrogate, the Hizballah movement in Lebanon, has carried out car bombings, kidnapings, hijackings, and other acts of terrorism against Western interests since 1983. Like Libya, and previously Syria, Iran uses its government apparatus to recruit, train, finance, and deploy terrorists, especially in Lebanon.

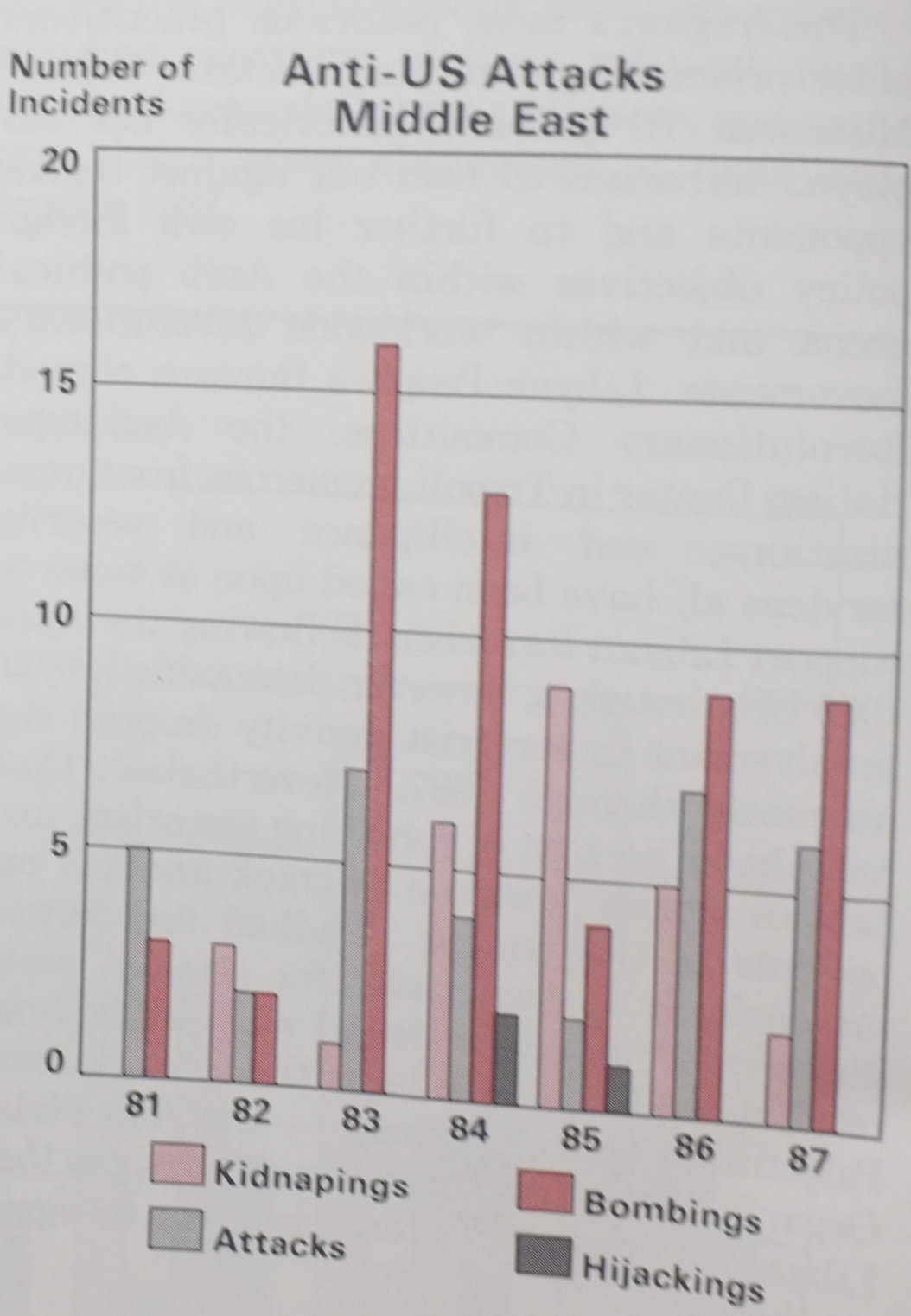
Among the most longstanding and well-known practitioners of terrorism in the Middle East and elsewhere are the various Palestinian organizations that emerged in the 1960s and the 1970s. The best known Palestinian organization is the Palestine Liberation Organization (PLO), which was founded in 1964 as a nationalist umbrella organization dedicated to establishment of an independent Palestinian state. After the 1967 Arab-Israeli War, control over the PLO devolved to the leadership of the various *fedayeen* militia groups, the most dominant of which was the Fatah, led by Yasir Arafat. In 1969, Arafat became chairman of the PLO's Executive Committee, a position he still holds. The United States considers the PLO to be an umbrella organization that includes a number of differing constituent groups and individuals who hold differing and

often opposing views on terrorism. At the same time, US policy has taken into account that elements of the PLO have actively advocated, carried out, or accepted responsibility for acts of terrorism.

In the early 1970s, several PLO groups, including the Fatah, carried out numerous international terrorist attacks. In the mid-1970s, under international pressure, the PLO claimed it would restrict its attacks to Israel and the occupied territories. Nonetheless, several terrorist attacks have been carried out since then by Fatah-affiliated groups (including the Hawari group and Force 17) and a PLO-affiliated group (the Palestine Liberation Front).

The most wide-ranging and vicious Palestinian terrorist group is the Abu Nidal Organization, which has killed scores of people in locations ranging from Karachi and Istanbul to Rome and Vienna. Other international terrorist groups include the Popular Front for the Liberation of Palestine — General Command, the Arab Organization of 15 May, and the Lebanese Armed Revolutionary Faction, a pro-Palestinian Lebanese terrorist group that has conducted its terrorist operations primarily in Western Europe.





Abu Nidal Organization (ANO)

Date Formed 1974.

Estimated Membership 500.

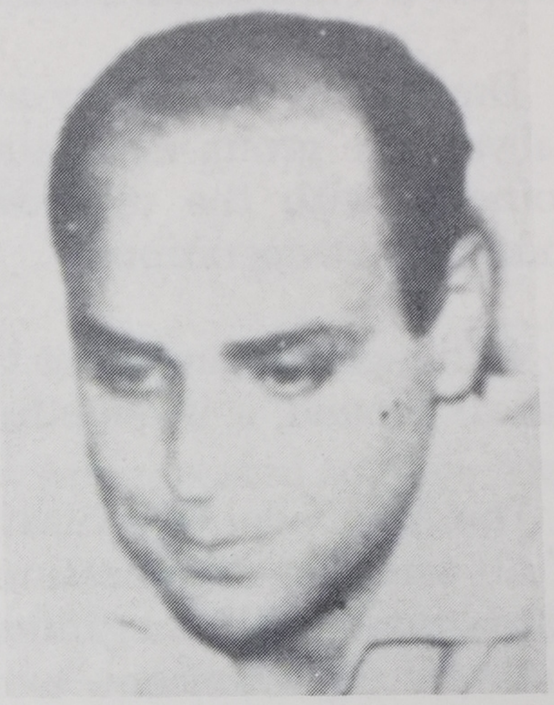
Headquarters Libya (previously Syria and Iraq).

Area of Operations International.

Leadership Sabri Khalil al-Banna (Abu Nidal).

Other Names Fatah — the Revolutionary Council (FRC), Black June Organization (BJO), Arab Revolutionary Brigades (ARB), Revolutionary Organization of Socialist Muslims (ROSM), Black September Organization (BSO).

Sponsors Previously Syria and Iraq, currently Libya; also self-sustaining economic operations.



Leader Sabri al-Banna a few years ago.

Political Objectives/Target Audiences

- Place the "armed struggle" against the "Zionist enemy" as the first priority of the Palestine resistance movement.
- Undermine efforts to negotiate an Israeli-Palestinian peace by terrorizing pro-Arafat Palestinians and by attacking Israeli targets in Europe and the Middle East.
- Threaten or attack "reactionary" regimes in Egypt, Jordan, Kuwait, Saudi Arabia, and the Gulf shaykhdoms.
- Affirm Arab commitment to the destruction of Israel.
- Intimidate those nations currently holding Abu Nidal operatives in prison into releasing them.

Background

A rejectionist and extremely violent Palestinian terrorist group, the Abu Nidal Organization opposes all efforts toward political reconciliation of the Arab-Israeli conflict. The group contends that both inter-Arab and intra-Palestinian terrorism are needed to precipitate an all-embracing Arab revolution that alone can lead to the liberation of occupied Palestine.

The Abu Nidal Organization is the most dangerous terrorist organization in existence, and its area of operations is one of the most extensive. The group made its initial appearance after the October 1973 Arab-Israeli War when Yasir Arafat decided to restrict terrorism only against Israeli targets in Israel and the occupied territories. Abu Nidal decided to fight any effort at moderation by continuing international terrorist operations against Israeli interests and by targeting pro-Arafat Palestinians and moderate Arab states. In fact, the rift between Abu Nidal and Arafat is so intense that Abu Nidal actually was sentenced to death, in absentia, by Arafat. Since 1973, the Abu Nidal Organization also has targeted those countries — primarily in Europe — that hold imprisoned operatives.

As Abu Nidal's following grew, the group's operations against Palestinian moderates escalated. In April 1978, 130 guerrillas were arrested with Fatah leader Muhammad Da'ud Awdah (Abu Da'ud),

who was preparing to disobey Arafat's orders and launch operations behind Israeli lines in southern Lebanon. These guerrillas are believed to have been sent by Abu Nidal, seeking to strengthen Fatah leftists and enable them to wrest control of Fatah from Arafat. During the first half of 1978, the Abu Nidal Organization assassinated three prominent PLO officials, who were allies of Arafat. Although a temporary rapprochement took place in 1978, the Abu Nidal Organization continues to target moderate Palestinian elements.

Despite its support by a succession of state sponsors (first Iraq, then Syria, and more recently Libya), the group maintains its own political agenda. Although many of the group's operations coincide with the interests of its state sponsors, the Abu Nidal organization also conducts independent operations.

Although rumors about the poor health — and even the demise — of Sabri Khalil al-Banna (Abu Nidal) abound, it is doubtful that his existence is essential to the organization's viability.

The Abu Nidal Organization is financially sound and may be one of the most economically viable of all terrorist organizations. The group is believed to draw one-third of its income from patron states, one-third from graft or blackmail, and one-third from its own network of business companies and front organizations.

Selected Incident Chronology

July 1980 — Claimed responsibility for killing the Israeli Commercial Attache in Brussels.

May 1981 — Murdered Viennese City Councilman Heinz Nittel and threatened to kill Austrian Chancellor Bruno Kreisky.

August 1981 — Machinegunned a Vienna synagogue, killing 2 and wounding 17.

June 1982 — Attempted assassination of Israeli Ambassador Shlomo Argov in London.

June 1982 — Killed PLO official Husayn Kamal in Rome with a car bomb.

August 1982 — Killed 6 and wounded 22 in a grenade and machinegun attack on a Parisian restaurant frequented by French Jews.

August 1982 — Attempted to murder the United Arab Emirates (UAE) Consul in Bombay.

August 1982 — Shot and wounded a UAE diplomat in his office in Kuwait.

September 1982 — Assassinated a Kuwaiti diplomat in Madrid.

October 1982 — Killed 1 child and injured 10 people in a grenade and machinegun attack on a Rome synagogue.

April 1983 — Murdered PLO official Issam Sartawi at the Socialist International Conference in Lisbon.

October 1983 — Attempted to kill the Jordanian Ambassador to Italy in Rome.

October 1983 — Severely wounded the Jordanian Ambassador to India in New Delhi.

November 1983 — Attacked security guards in front of the Jordanian Embassy in Athens, killing one guard and wounding another.

December 1983 — Believed responsible for bombing the French Cultural Center in Izmir, Turkey.

February 1984 — Implicated in the Paris murder of the UAE Ambassador to France.

March 1984 — Assassinated a British diplomat in Athens.

November 1984 — Assassinated British High Commissioner in Bombay, India.

December 1984 — Killed Arafat-supporter Ismail Darwish in Rome.

December 1984 — Assassinated Jordanian diplomat in Bucharest.

March 1985 — Kidnaped British journalist Alec Collett in Beirut; Collett was reported to have been killed 1 year later, but information is not conclusive.

March 1985 — Attacked Rome offices of Alia, the Royal Jordanian Airlines, wounding three people. Also believed to be responsible for the simultaneous attacks on Alia offices in Athens and Nicosia.

April 1985 — Fired a rocket at an Alia airliner as it took off from Athens airport. Although the rocket did not explode, it left a hole in the fuselage.

July 1985 — Bombed and destroyed the office of British Airways in Madrid, killing a woman and wounding 27 other people. Five minutes later, attacked the Madrid offices of Alia, two blocks away, wounding two.

September 1985 — Conducted grenade attack against the Cafe de Paris in Rome, Italy, wounding 38.

September 1985 — Hijacked an Egyptian airliner to Malta, where 60 people were killed in the rescue attempt by Egyptian commandos.

December 1985 — Attacked the Rome and Vienna airports with machineguns and grenades. Sixteen people, including a child, were killed and 60 were injured.

Police inspect the scene of a December 1985 assault at the International Terminal of Rome's Leonardo da Vinci International Airport.

Dead victims lie on the floor of Leonardo da Vinci International Airport after the December 1985 assault by Abu Nidal terrorists.

September 1986 — Hijacked Pan Am flight 73 in Karachi, Pakistan: 17 were killed and over 150 wounded.

September 1986 — Attacked synagogue in Istanbul, killing 22 worshipers.

July 1987 — Claimed credit for bombing of restaurant in Qalqilya, West Bank, wounding 15 people.

November 1987 — Claimed to have seized a yacht off the coast of Israel and to have taken eight hostages.

March 1988 — A lone gunman attacked Alitalia airlines crew aboard a commuter bus in Bombay, India, seriously wounding the captain.

May 1988 — Detonated a car bomb in Nicosia, Cyprus, near the Israeli Embassy, killing 3 and injuring 17. ANO claimed it targeted the embassy in retaliation for the assassination of Abu Jihad.

May 1988 — In Khartoum, Sudan, gunmen killed 8 and wounded 21 in simultaneous attacks on the Acropole Hotel and the Sudan Club. Five British citizens killed and five Americans wounded.

Arab Organization of 15 May

Date Formed 1979.

Membership Very small.

Headquarters Not presently known.

Area of Operations Western Europe.

Leadership Husayn al-Umari (Abu Ibrahim).

Other Names 15 May.

Sponsors Not presently known.

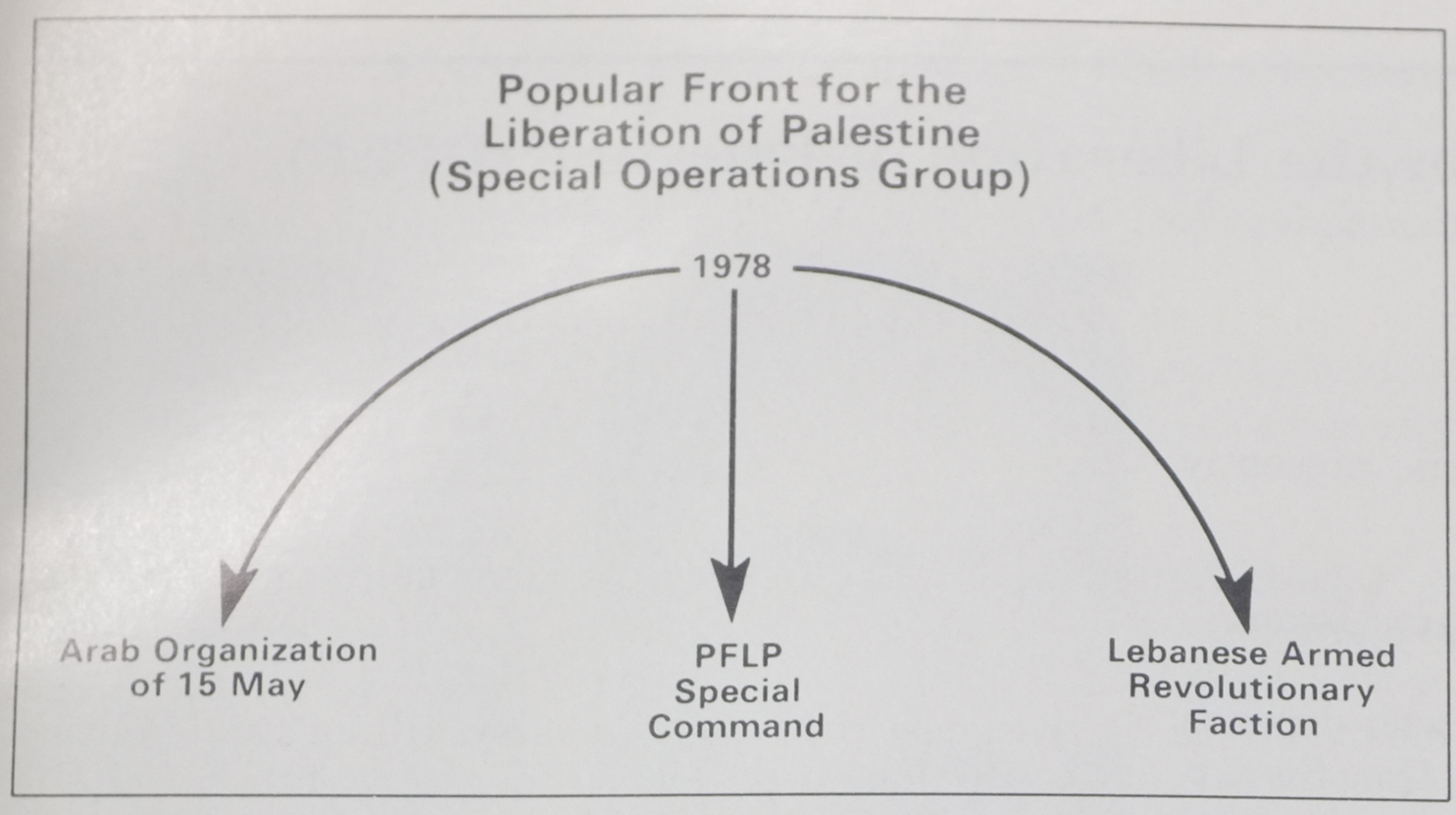
Political Objectives/Target Audiences

- Destroy Israel.
- Intimidate moderate Palestinians and other Arabs who favor a negotiated settlement of the Palestinian issue.

Background

The 15 May takes its name from the founding date of Israel. Very little about the group is known outside of its vehement opposition to Israel. It uses distinctive and highly sophisticated explosives.

The 15 May group is apparently one of the small organizations that split from the Popular Front for the Liberation of Palestine (PFLP) in the late 1970s. Such splinter groups typically have vague organizational structures.



In 1978, the Popular Front for the Liberation of Palestine — Special Operations Group split into three groups, one of them the Arab Organization of 15 May.

The 15 May operations frequently target undefended public places. Airlines and airports are favored because of their international visibility.

No operations have been attributed definitively to the 15 May since 1983. Several recent bombings, however, raise the possibility that its members are active or have been absorbed into other terrorist organizations.

Selected Incident Chronology

January 1980 — Killed a 22-year-old Arab student and wounded a German national by bombing the Mount Royal Hotel in London.

May 1981 — Exploded a bomb outside the Rome office of El Al airlines.

August 1981 — Detonated a bomb near the El Al office at Leonardo da Vinci Airport outside Rome.

August 1981 — Exploded a bomb near the Israeli Embassy in Athens.

January 1982 — Killed 1 child and injured 46 people by bombing a Jewish restaurant in West Berlin.

August 1982 — Killed 1 and injured 14 with a time-delay bomb that exploded on an airplane just before it landed in Hawaii.

December 1983 — Attempted to blow up three airliners in flight. Bombs were discovered aboard two Israel-bound flights and a suitcase bomb was detected prior to being loaded onboard a flight from Rome to New York.

January 1984 — Attempted to blow up an El Al flight from Tel Aviv to Athens with a suitcase bomb. The attempt failed because of a technical failure in the bomb.

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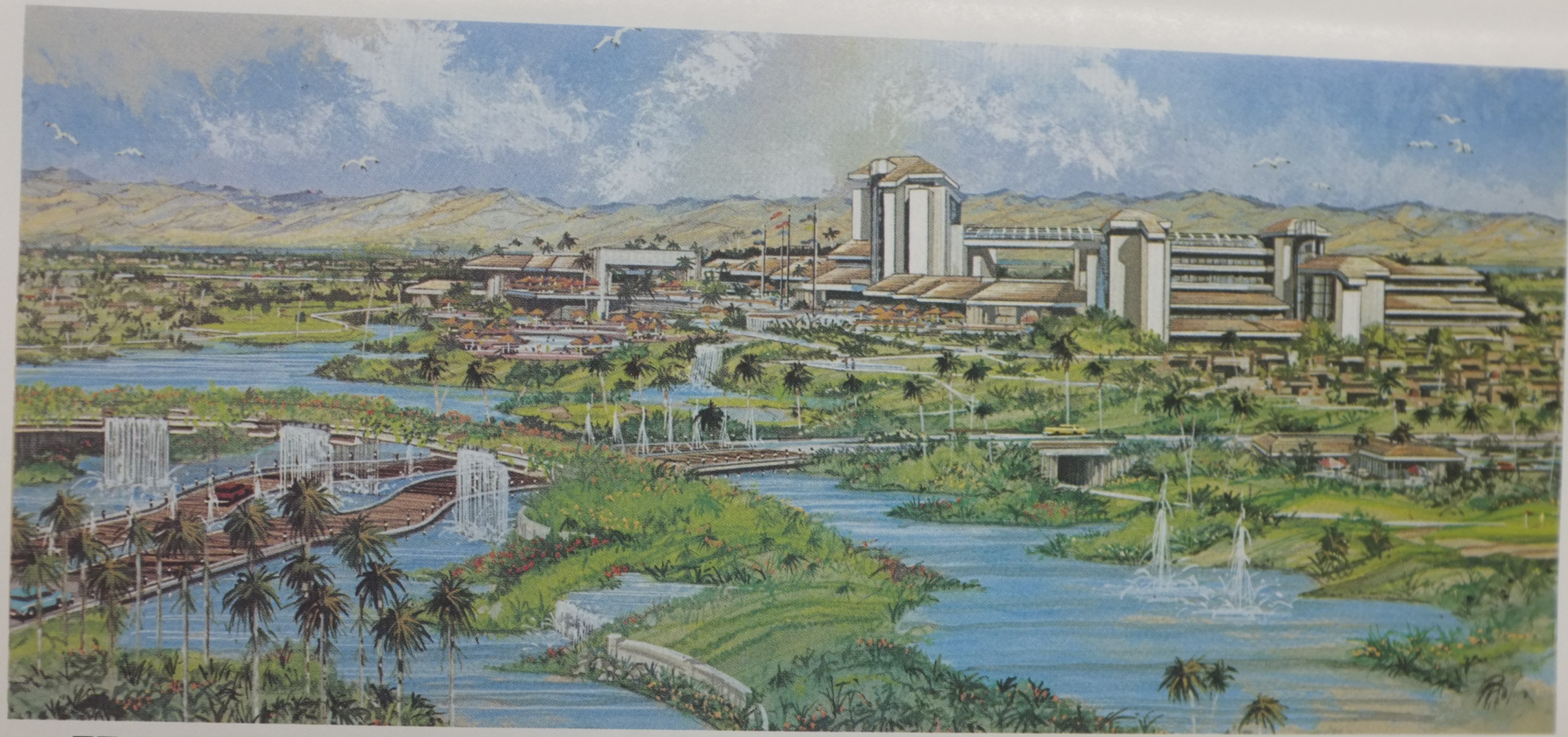
CALIFORNIA DATES: FACT SHEET

The beginning: Experimental plantings near Mecca and Indio, in the years 1903 to 1908, proved that date palms would thrive in the deep soils, the water, the desert sun and the general absence of rainfall of the Coachella Valley. Most importantly, the dates would ripen into luscious, tasty fruit. In the years 1909 through 1915, many date seeds were planted and many offshoots imported from Algeria and Iraq.

Today: An industry of 3,800 bearing acres on some 250 properties can be seen from east of Palm Springs to the Salton Sea. Southeast of the Sea, at Bard, stands another 150 bearing acres. This industry produces over 32 million pounds of Deglet Noor dates, 1.7 million of Zahidi, 500,000 of Khadrawy, 200,000 each of Halawy, Barhee and of seedling varieties. The large soft Medjool date, a late arrival in the U.S., has passed 200,000 pounds and could grow to No. 2 in production. Farm value, all dates: $3.0 to $3.5 million.

The garden: To produce a leading variety, a garden is formed by removing the offshoots (the small palms formed at the base of older palms) and transplanting them into settings of 30 by 30 feet. They are irrigated and allowed to form a deep root system before being cropped. At least one male palm is planted with each acre of 49 female palms--his pollen being essential to the female producing ripe dates. For good growth, cover crops, garden trimmings or manure are added to the soil and these may be supplemented by moderate amounts of nitrogen. Depending on location in the valley, 6 to 20 acre-feet of water per year are used to keep the soil moist to an 8 feet depth. (one acre-foot=325,000 gallons of water)

Making the crop: When the young female palms have been planted seven years, they produce enough dates to be called bearing acreage. Some acreages, of course, are cropped when they are five years old. Now they receive much attention. The palm does not shed its dead leaves and so during the winter months these are removed along with the spines on the prior year's new leaves. From mid-February into April, male blooms must be gathered for their pollen, the pollen extracted and either inserted into the female bloom on puffs of cotton or sprayed in. Or, a few male flowers can be inserted directly. In either case, it should be done within 10 days of the opening of the female bloom. If puffs of cotton are used, a bottle bag is usually slipped over the end of the upright bloom. This retains the pollen and identifies the bloom as having been pollinated. At pollination, the top of the female bloom is usually cut off--the first stage in thinning the fruit to improve size and quality. About six weeks later--when each bunch is pulled down and tied to a lower leaf--strands may be cut back further or whole strands removed to reduce length or number, each by one-third. At the same time, entire bunches--too small and excessive--may be removed. And paper umbrellas--"bags"--are emplaced to ward off a chance cloudburst, as well as dust, insects and birds. Then there is a summer of dusting or spraying or insect trapping to protect the fruit and the palm. By September, it is time to pick the soft date varieties and by October to start on the big Deglet Noor crop.



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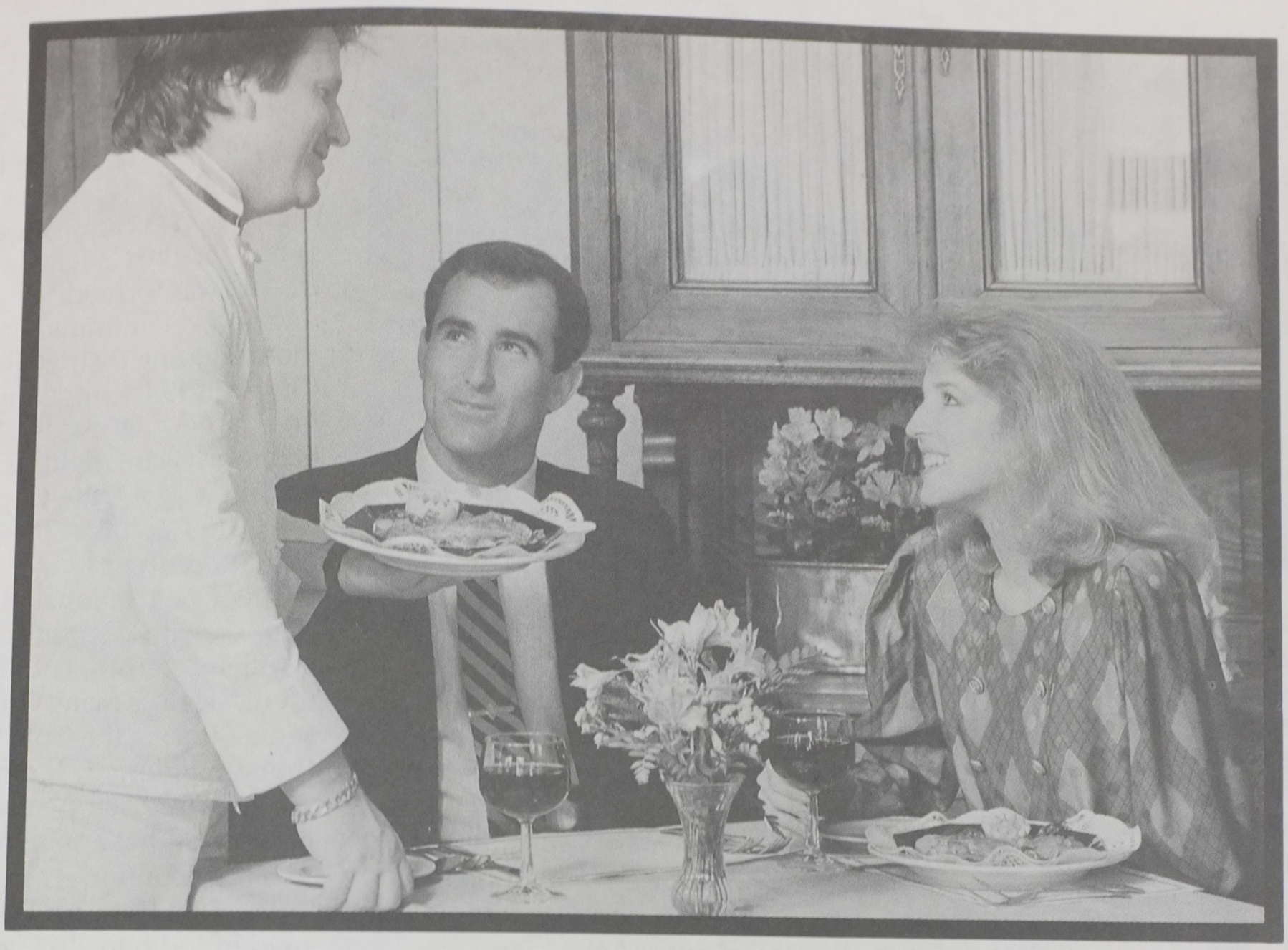

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Indio, CA 342-6932

EL PORTAL
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ELMER'S OF INDIO
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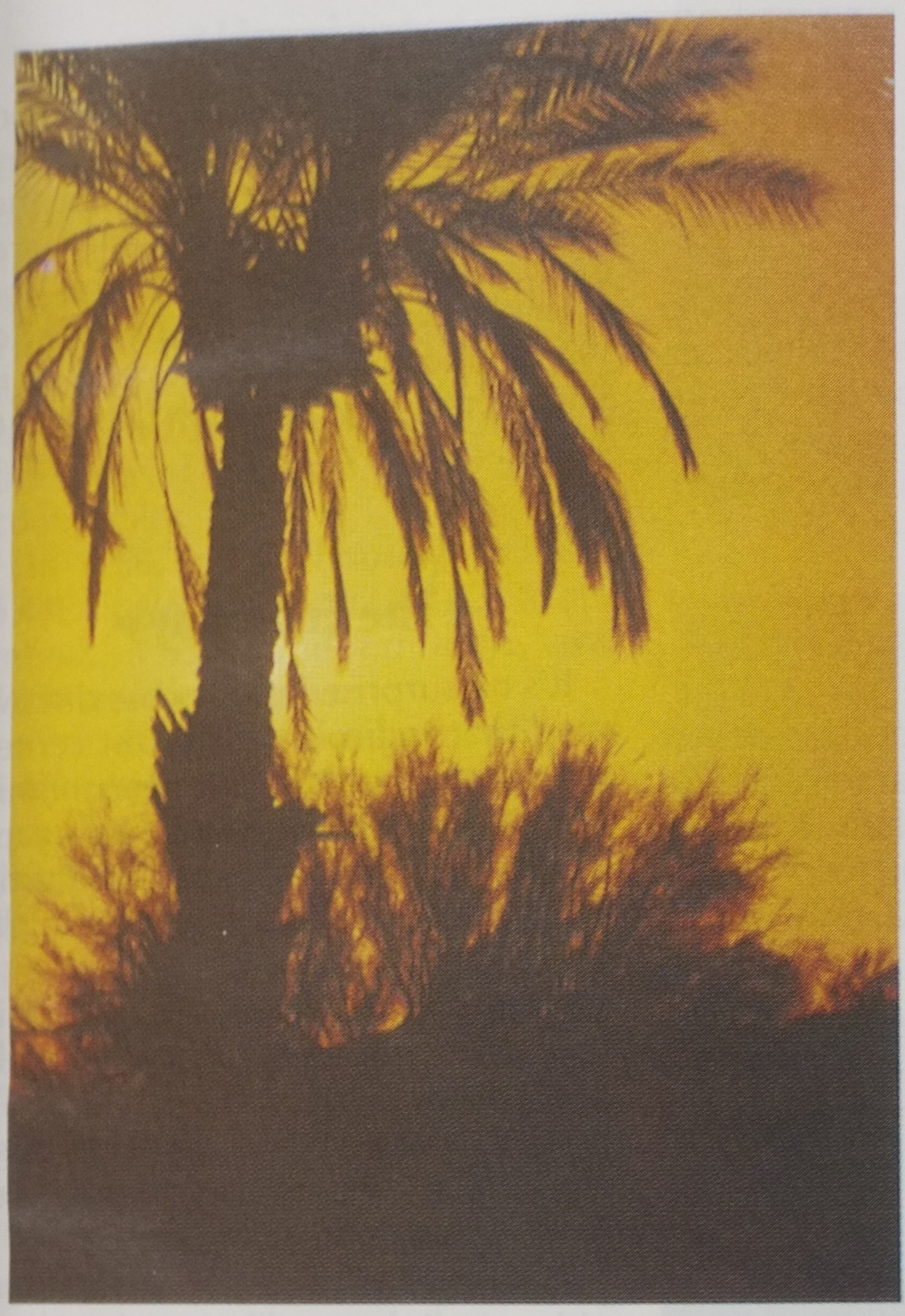
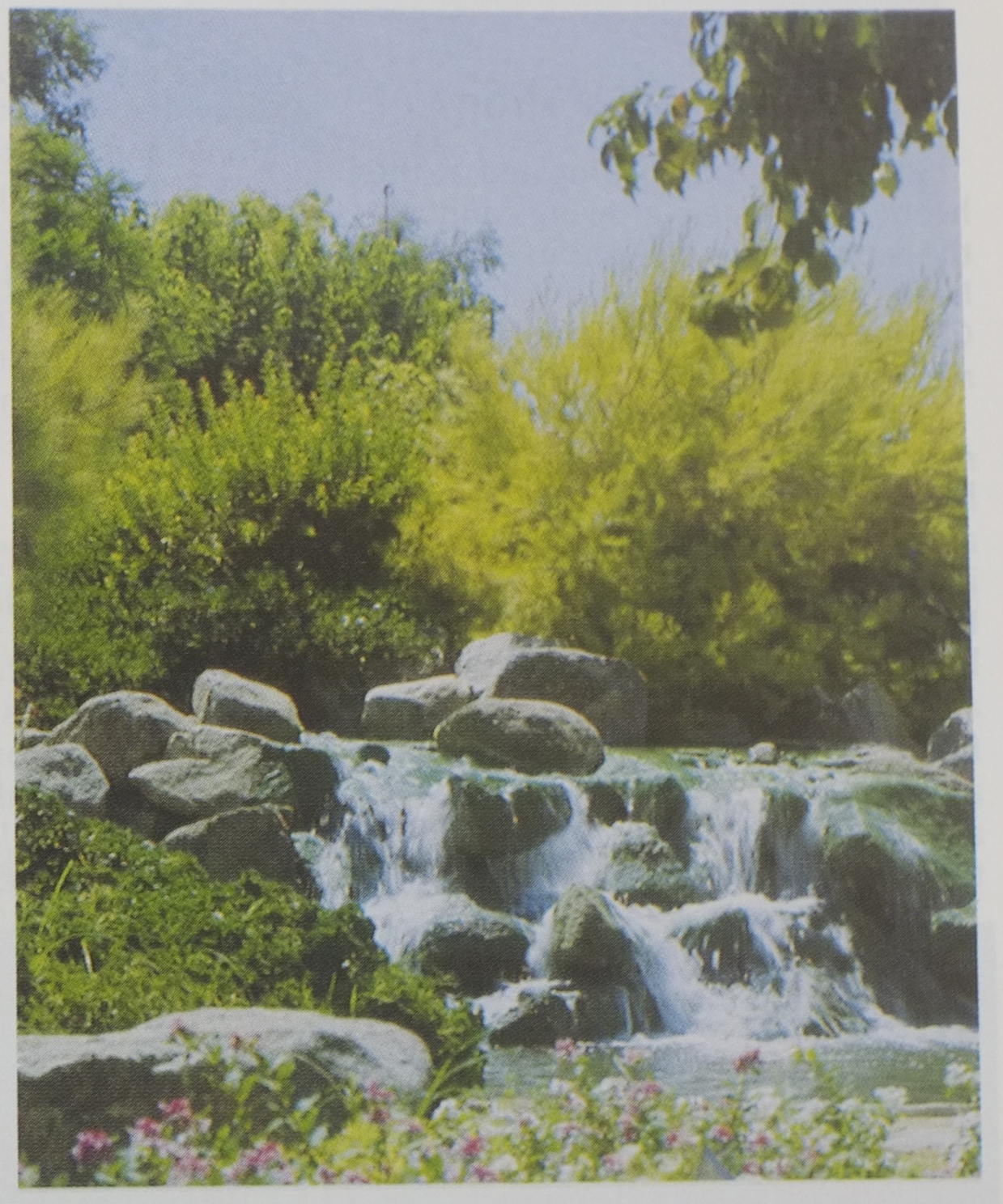
Indio, CA 347-4779

WELCOME





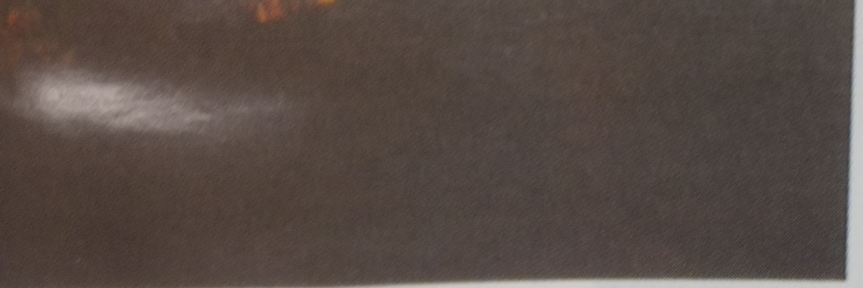
Some people think Indio is a desert oasis. Others view it as a lush resort, visited by movie stars and international travelers. Others think it is a sports capital: the home of golf, tennis, and polo tournaments. Still others think it is an agricultural center, known worldwide for its citrus and date production.

Each is correct, and yet there is more. Indio is nestled in the heart of California's Coachella Valley, surrounded by mountains and lavish orchards. It boasts nearly perfect weather, dazzling blue skies, and nights so clear you can star gaze forever.

Indio, one of the oldest communities in the Valley, is as firmly committed to controlling its future as it is proud of its heritage. More than any other desert city, Indio functions as a year-round community. It has re-emerged as the business, industrial, and housing center of this tourist mecca, just as it was in the 1870s, when the Southern Pacific Railroad established it as a distribution point. Unlike other desert communities, shops, restaurants, and businesses stay open in the summer months. Residents remain in the City to enjoy the tranquil summers.

Visitors and residents find Indio a fascinating blend of city life and small-town atmosphere. Friendliness and accessibility are coupled with sophisticated shops, restaurants, recreation, arts, entertainment, education, and health care.

Take some time to get acquainted. You'll see why we say, "Indio. You'll love it!"



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INDIO
The City

Geographic Location

Simply put, Indio is located at the heart of the fastest-growing county in the fastest-growing state in America. Indio is right in the center of Riverside County, one of the nation's hottest real estate markets.

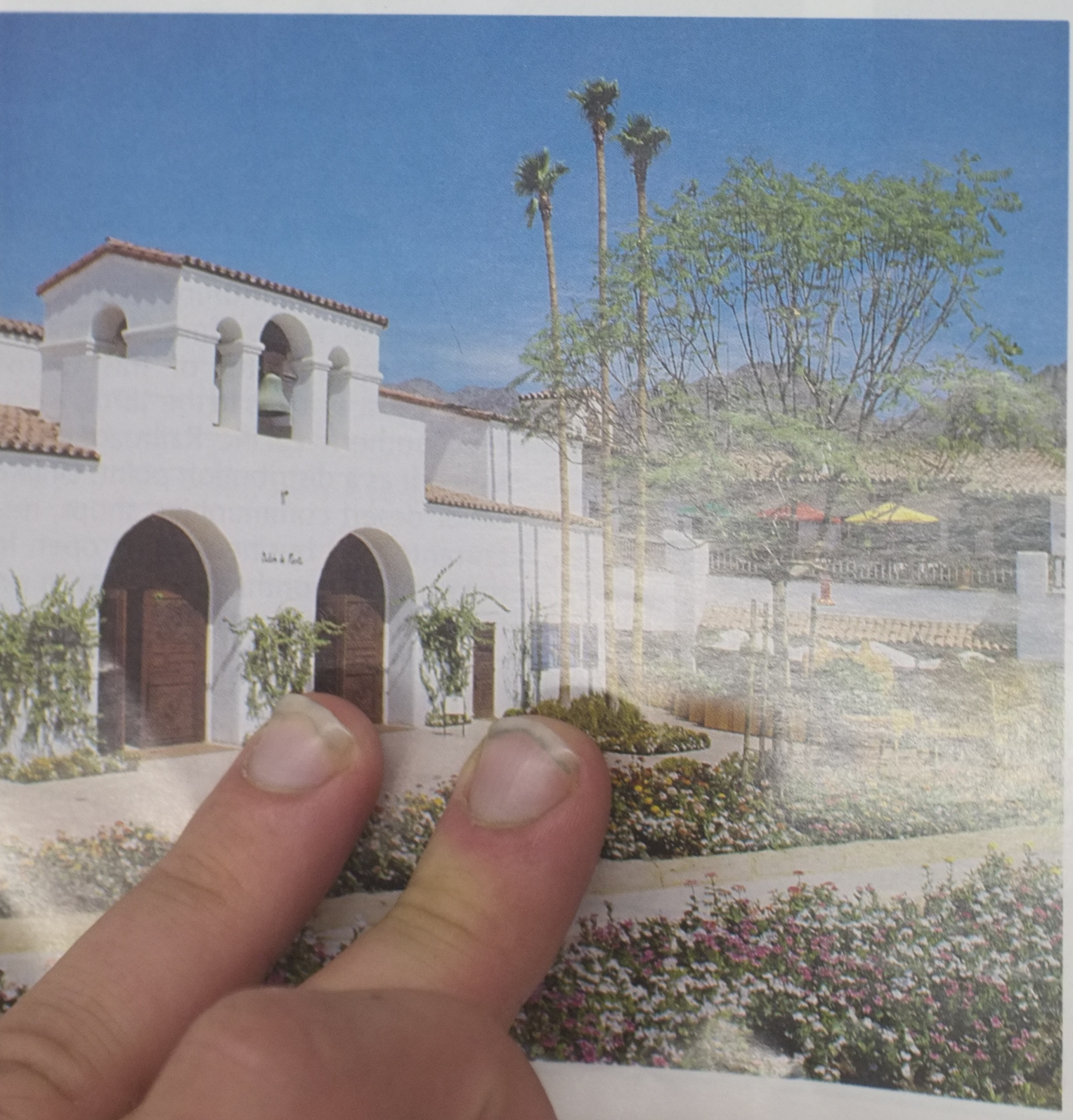
Strategically located in the world-renowned Coachella Valley, just a two hour drive from either Los Angeles and San Diego, Indio is linked to major markets by the Southern Pacific Railroad and Interstate 10. Los Angeles lies 100 miles to the west on I-10 and Phoenix is 270 miles to the east. Interstates 15 and 215 complete the area's interstate transportation system, and Highways 86 and 111 link Indio to other desert and outlying cities.

Indio is also easily accessible by air, midway between the Palm Springs Regional and Thermal Airports, with Bermuda Dunes Airport at the City's edge.

But just finding Indio on the map won't tell the tale of a sun-filled, sea level city surrounded by date palms and stunning mountain peaks. You'll have to experience that for yourself!

Climate

Each dawn, another perfect desert day unfolds. Indio is a paradise where the sun shines more than 300 days each year. Its warmth and low humidity make it the ideal environment for outdoor enjoyment.



Indio's climate is typical of the a desert, with dry, mild, sunny winte and temperatures ranging from t high 30s to the low 70s. Summers a warm; average July temperatures, f example, range from the mid 70s t 107 degrees. The average rainfall 3.38 inches, most of which falls in t winter.

The Economy

It's no surprise industry has disco ered that Indio is the newest cent of opportunity. Its balanced econom base, combined with the City's su portive attitude, has helped it becom an aggressive leader in planned, d versified growth.

New commercial, service, and bas industrial enterprises have recent been drawn to this year-round, ful service, stable Valley City. They aug ment the traditional agricultural, ware housing, and transportation sectors.

Unlike some desert resort commu nities, Indio's steadily growing pop ulace remains in the City at "season's end. And, as more and more visitor become aware of the recreational op portunities in Indio, the seasonal pop ulation continues to grow, as wel Certainly, merchants are aware of the trend.

The year-round population — the largest in the Valley — is approxi mately 35,000, with another 50,000 people residing within a few miles It is projected that Indio will continue to be the most populated Valley City. Estimates for its growth over the next ten years, which has recently aver aged 5 to 8 percent per year, predict a population between 50,000 and 60,000. The seasonal influx reached 5,000 in 1988, and is expected to in crease to 6,000 by 1990 and to 15,000 or more by 2010.

e median age in Indio is an ener- 28 years; the average household is 3 people. Over 80 percent of City's residents are married ples and more than 60 percent of e couples are parents. It's easy to why Indio has become a thriving ketplace, unaffected by the na- 's usual economic fluctuations.

Housing

ots of people hang their hats in io, since its housing selection is as erse as its economy. Indio presents excellent urban setting for sun ers of all ages and income groups. m the very affordable to the abso- ely luxurious, single- to multi- ily, each housing sector is meeting growing demand of this vibrant mmunity.

n 1988, Indio's housing included 46 single-family units, 3,927 apart- nts, 1,952 condominiums, and 99 mobile homes.

Over 20 planned projects will add 00 residences within the next few ars and, in all, an additional 8,959 ellings have City approval or are nding approval. Plus, over 2,000 RV aces are available.

To the south, Indio Ranchos is ex- cted to add a new "equestrian estate" mension to the City. To the center town, traditional housing blends d and new, and north of Interstate , a new signature of high-quality sidential neighborhoods is being ilt.

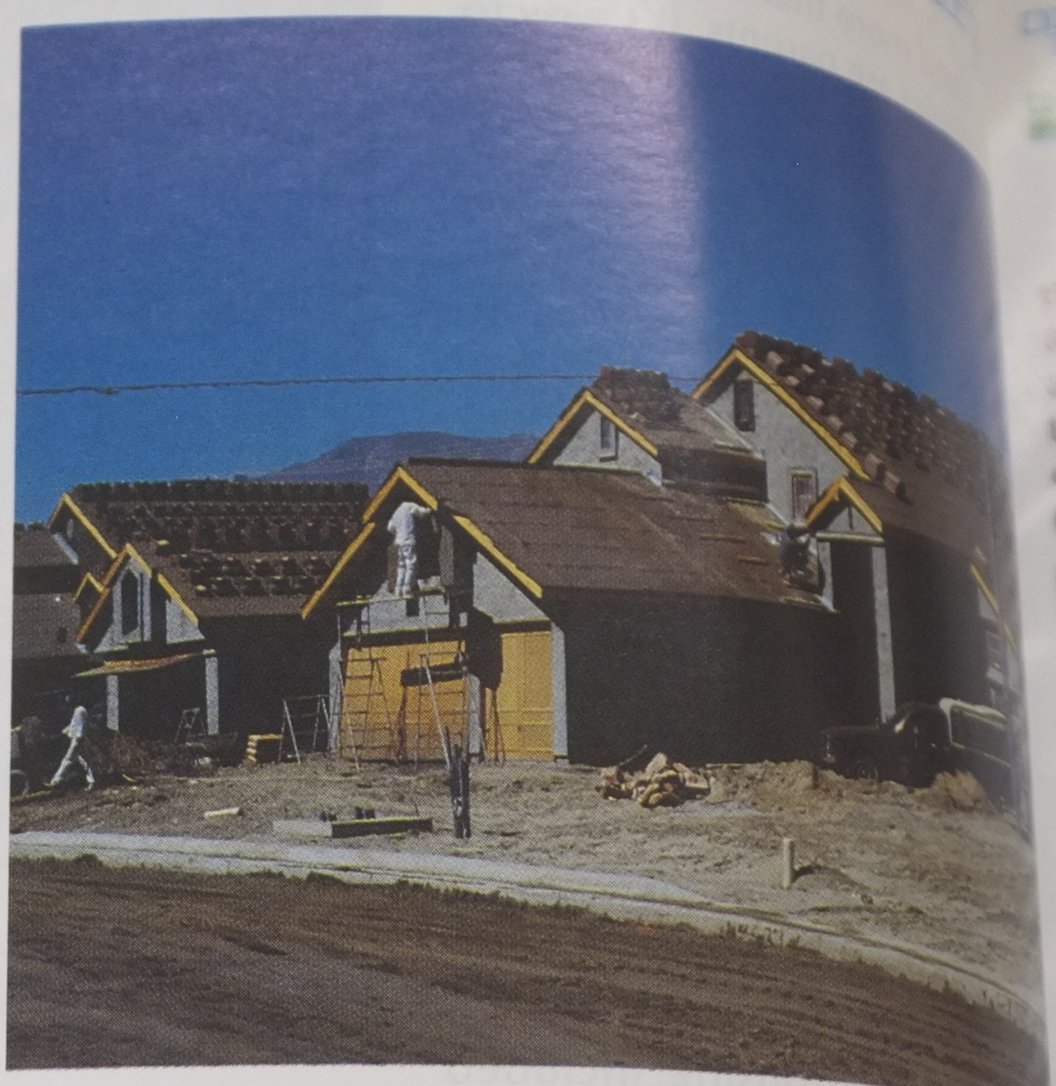
City & Public Services

The City of Indio, in cooperation ith other public agencies and the pri- ate sector, works to meet the com- unity's needs. Developers are given e aid that creates successful proj- cts. Neighborhoods and the quality f life are enhanced by this spirited eamwork.

The City provides public services ithin a 16.55-mile-area, which may on be enlarged, pending proposed nnexations. City employees maintain 03 miles of streets, 7 public build- ngs, 163 acres of parks, and a muni- ipal water company serving 20,213 ustomers.

Other public agencies provide local sewer, recreation, library, and educa- tional facilities. From putting around to putting on thinking caps, Indio has all bases covered. An outstanding night-lit, par 3, municipal golf course is open to the public year-round. The Coachella Valley Museum has gained statewide acclaim as a historic mu- seum and center for cultural activities.

Indio High School, a source of City pride, hosts sporting events and, along with The McCandless Regional Library, helps fill Indio's educational and cultural needs. To round out the City's services, Indio Senior Center offers a steadily growing number of older residents and visitors a broad range of activities.



Public Safety

In case of emergency, Indio is well protected by outstanding police and fire departments. Public safety is everyone's concern, but particularly the 76 full-time employees and 15 reserve officers who comprise the Indio Police Department. The broad range of quality law enforcement services provided includes crime prevention, investigation, school programs, and traditional street patrol.

The Fire Department operates three fire stations and, due to its excellent fire prevention services, Indio maintains the lowest basic fire insurance rates in the entire Coachella Valley. Three full-time ambulance units, staffed with paramedics and emergency medical technicians, are also operated by the Fire Department.

City Planning

Gazing into crystal balls is a serious science for Indio's planners. The appointed Planning Commissioners, elected Council Members, and City Staff are diligently working today to create a community that will become increasingly more healthful, convenient, beautiful, responsive, and safe. Indio's physical, social, and economic well-being are interdependent, and so growth must be well-planned, stable, and controlled.

Many important issues are currently being reviewed, such as the City's General Plan Update, the Shadow Hills and Auto Center Studies, and the possible annexation of Indio Ranchos.

The purpose of the Comprehensive General Plan is to analyze where the City has been and where it's headed, in terms of growth. The General Plan Update, currently in process and slated for completion within 24 months, will outline land use and public facilities for the entire community.

Shadow Hills, a 15-square-mile area north of I-10 between Washington Street and Dillon Road, is partially within Indio's city limits. Annexation of the balance is being considered, along with a plan that will outline land use, public facilities, and services.

Planners are also studying how to enhance and expand the Auto Center along Highway 111 and Indio Boulevard. Indio Ranchos, a 3½-square-mile area on the south edge of [illegible] will be annexed, pending City property-owner approval. This includes the world-famous El Do[illegible] and Empire Polo Clubs, and future development is expected to include [illegible]urious one- and two-acre equest[illegible] estates and various resort projects[illegible] an exciting future already!

Redevelopment

The current list of redevelopm[illegible] projects encompasses many facet[illegible] life in Indio. The well-balanced e[illegible] was designed to help create jobs[illegible] crease the standard of living, impr[illegible] quality of life and environment, p[illegible] mote economic diversification, [illegible] crease the supply of goods and servi[illegible] and add to revenues so that essen[illegible] public services will be provided to[illegible] citizens. The process enables City o[illegible] cials to focus public resources i[illegible] planning and local development[illegible] forming partnerships with private e[illegible] terprise to invest or re-invest.

So vital is redevelopment, nea[illegible] one quarter of the entire City is[illegible] official "redevelopment area." [illegible] the next year, the agency will b[illegible] working on completing the acqu[illegible] tion of property needed for a ma[illegible]

expansion of the Indio Fashion Mall; a specific plan for auto-related areas; a revitalization of the downtown area, to be called the Indio Center Plaza; enhancement of the Indio Justice Center; City entry signs; the proposed El Morocco Senior Housing Project; and specific plans for Miles Avenue Park and surrounding areas and for landscaped medians along Highway 111 and Indio Boulevard.

For the past three years, the City's redevelopment efforts assisted the construction of 1,240 apartments in four projects; major rehabilitation of the Fiesta Ford/Lincoln Mercury dealership; purchase and creation of a local museum/cultural center; the elimination of downtown parking meters; the rehabilitation of several commercial establishments; and the Boys' and Girls' Clubs of Indio. For further information please contact

Bill Northrup or Charles Hansen
City of Indio Redevelopment Agency
P.O. Drawer 1788
Indio, CA 92202
(619) 342-6500.

A City On The Grow

Activity in Indio is evident everywhere, beginning with the expansion of the 250,000-square-foot Indio Fashion Mall, which will double in size as a part of a $34-million expansion. Groundbreaking ceremonies were held on April 13, 1989, for the phase one remodel of the existing mall. Work on phase two will begin in 1990.

Projects under construction or recently completed cover a wide range. Some of the many examples are a 20,000-square-foot medical office building, a 19,760-square-foot addition to Oddo Business Park and two new auto showrooms for Bretz Mazda and Import Auto Sales.

Housing construction is especially strong at the present time, with a number of single-family subdivisions under construction. Homes range in size from 1,120- to 2,300-square-feet. Strother Construction, Pan American Development, Neisner Construction, Fidelity Development, Austin Communications, Lewis Homes of California, Discovery Homes, Tazon Development Inc., Gary Stark Construction, and Winehill/Dick-Con are among the active builders.

Over $30 million in building permits was issued in 1988, and in 1989 first quarter permits reached $9.65 million, indicating an even stronger year.

In the public sector, construction is well underway on Indio's $7-million Monroe Street Overpass, which will cross Indio Boulevard at the railroad tracks. Completion is expected by early 1990.

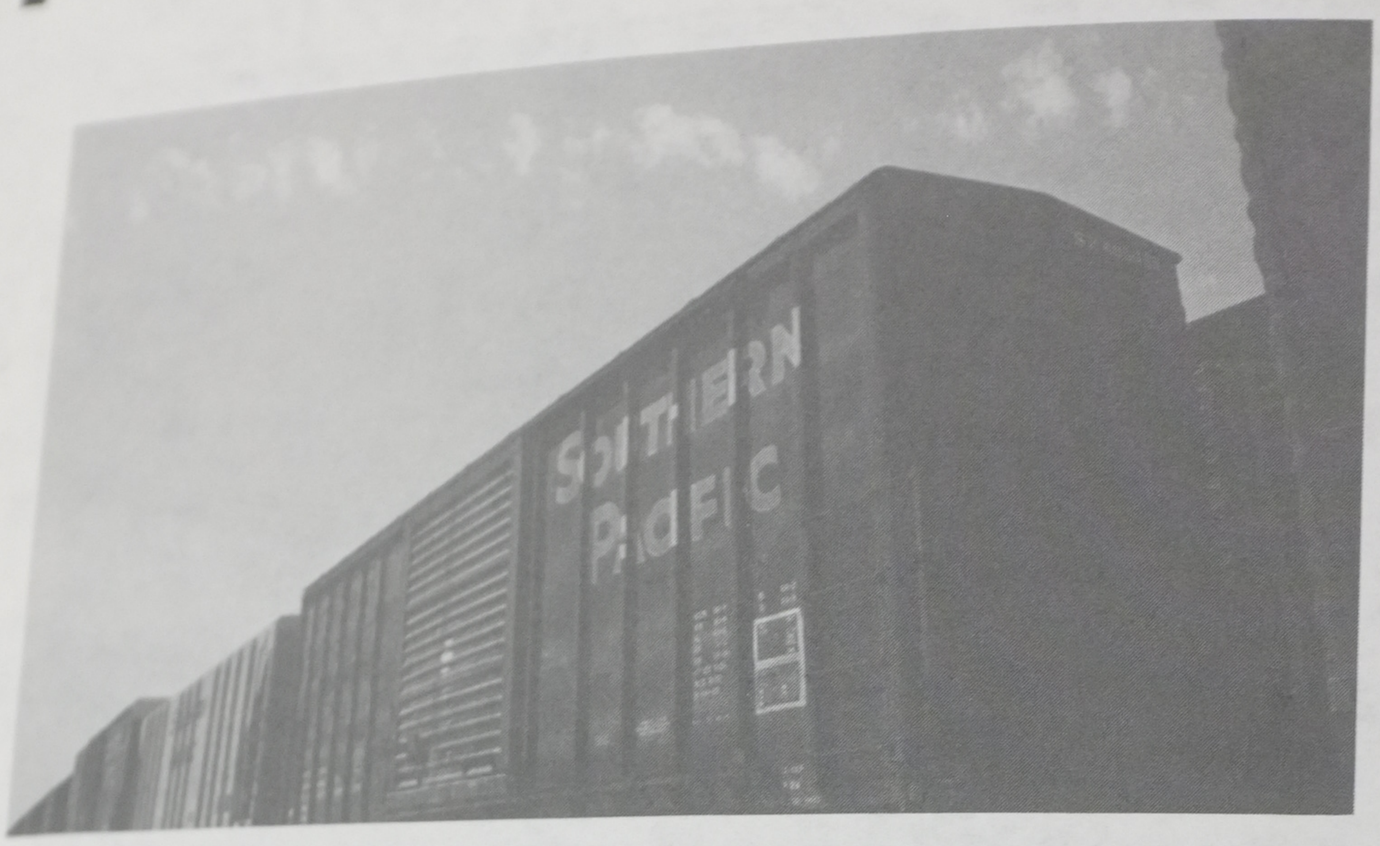
The new Riverside County Sheriff's Substation, at Dr. Carreon Boulevard and Oasis Street, is now complete and expansion and modernization of the County Jail at Oasis Street and Highway 111 has begun. Plans for the Indio Justice Center, a $35-million addition of 20 Superior and Municipal Courts, is in the planning stage.

The County will be building a new off-track betting facility; one new elementary school is planned for immediate construction, and another elementary/middle school is in the district's 3-year program for school improvements.

New construction of all types will continue, as Indio continues its well-planned growth.

COMMUNITY ECONOMIC
PROFILE

HISTORY



Indio's past is as colorful as the desert landscape that surrounds the City. Like the saying goes, its history is "as old as the hills."

Though it seems the town had its beginnings in the late 1800s, Cascadians from Northeast Asia actually discovered this mountain valley in 2000 B.C.! Nearly 4,000 years have passed since they roamed the desert sands; still, it's possible to isolate two factors which led to the thriving city you'll love today: The Southern Pacific Railroad and fragile Algerian date shoots.

But first, back in 1080 A.D., the Cahuilla Indians' ancestors arrived with the Shoshone Indians. Then, nearly 500 years later, in 1540, Spaniards explored the Coachella Valley.

In 1815, Indians mined salt from the Salton Sink, which became the Salton Sea in 1905. A much-studied geological phenomenon, the Colorado River, over-spilled its banks and for two years fresh water poured through a levee south of Yuma, Arizona, creating today's recreational attraction.

In 1821, the Cocomaricopa Indians began to carry messages and mail from the pass across the Valley to Spanish forts in Tucson and Sonora, Mexico. Just five years later, the Spanish padres began to visit the Cahuilla Indians at Agua Caliente.

Fifty years passed. Then the first event occured which began to shape Indio's present. In 1876, the Southern Pacific Railroad established "Indian Wells," as the town was then known, as a distribution point. The first train began its scheduled run from Los Angeles in 1879.

In 1885, the federal government restricted the Cahuilla Indians to a reservation 30 miles wide and 40 miles long, and opened non-Indian lands in the Valley to homesteading, under the Desert Entry Act.

One year later, C.P. Huntington, President of the Southern Pacific Railroad, brought back date shoots from an Algerian vacation. He gave them to Pat Gale, the first agriculturalist in Indio. The two had no way of knowing what that simple act would lead to!

While Gale was experimenting with those well-traveled date shoots in 1894, an enterprising businessman, Albert G. Tingman, bought 160 acres of land. He laid out the original Indio townsite and opened a general store, a stable, and a corral.

Within two years, in 1896, the first grammar school opened in a tent near the Indio Railroad Depot. Cinderella Courtney became the first Caucasian child born in the lower Valley in 1898.

Dates, meantime, were thriving in the southern California desert. In 1910, the predecessor of today's National Date Festival was held in nearby Coachella.

In 1912, *The Date Palm,* a weekly newspaper, and forerunner of the *Indio Daily News,* began publication.

In 1918, the California Date A
ation built the first packing pla
Highway 111 and Broadway.
same year, the Coachella Valley W
District was formed.

Progress continued at a rapid
Indio Lighting District illuminate
City in 1919 by installing the Va
first street lights. In 1920, In
economy was bright as well. W
just a few years, the City had bec
the Date Capital of the United St
and the center of Valley commer

The First National Bank of I
opened with deposits of $55,884
a federal census counted 1,187
idents. Unlike many California to
settled during the Gold Rush days
then abandoned, Indio's popula
has grown 2,500 percent in the
67 years. That's a sign of a stro
healthy economy.

The First National Date Festival
held in Indio in 1921, an event wh
occurs (and has delighted millio
annually in February.

On May 30, 1930, Indio became
first incorporated City in the Val
and while seemingly remote fr
events in Europe, aided the war eff
in the 1940s. From 1943 to 1945
the country struggled through Wo
War II, General George Patton to
up residence and trained his troo
in the City.

After World War II, Indio co
tinued to expand and grow, due
part to regional water delivery fr
the Coachella Branch of the A
American Canal, which began in 19

Though its agricultural-indust
economy is still strong, Indio h
become a retail service center a
major distribution point for th
Valley.

Today, the City of Indio operat
under the Council-Manager form
government. Civic and business lea
ers work hand-in-hand to preser
historical traditions and plan for
future to benefit the growi
population.

Bill Proctor & Associates
81-106 Highway 111, #G
Indio, CA 92201 . . . . . (619)347-1855
Insurance

Blair Electric Co., Inc.
85-100 Avenue 44
Indio, CA 92201 . . . . . (619)347-7203
Electrical Services
Electrical Contractors
Computers

Bob's Big Boy
44-185 Monroe St.
Indio, CA 92201 . . . . . (619)347-9076
Restaurants

Boy Scouts of America
Steve Schofield
46-745 Monroe St., #19
Indio, CA 92201
Non-profit Organizations

Boys Club of Coachella Valley
83-100 Date St.
Indio, CA 92201 . . . . . (619)347-5712
Organizations

Bretz Volkswagen
83-255 Highway 111
Indio, CA 92201 . . . . . (619)347-0981
Auto Dealers

Breyer, Oscar, D.D.S.
45-975 Fargo St.
Indio, CA 92201 . . . . . (619)347-0848
Dentists

Brom's Mirror & Glass
83-612 Avenue 45
Indio, CA 92201 . . . . . (619)347-3344
Glass & Glazing
Glass & Mirror

Brown, Chandler
P. O. Box MMMM
Indio, CA 92201 . . . . . (619)347-3656
Attorneys

Brown Jug Liquor
83-041 Indio Blvd.
Indio, CA 92201 . . . . . (619)347-3722
Liquors

Bill Brunskill
76-430 Fairway Dr.
Indian Wells, CA 92260 . . . . . (619)773-4884
Associate Member

Budget Storage
46-148 Marilyn St.
Indio, CA 92201 . . . . . (619)342-3636
Storage

Burger King
81-779 Highway 111
Indio, CA 92201 . . . . . (619)342-1224
Restaurants

Burke, Ranny
P.O. Box 1538
Indio, CA 92202 . . . . . (619)347-6766
Associate Member

C.V. Automotive
84-189 Indio Blvd.
Indio, CA 92201 . . . . . (619)342-2667
Automobile Service & Repair

C.V. Recreation & Park District
45-116 Commerce St., #5
Indio, CA 92201 . . . . . (619)347-3484
Park District

C.V. Insurance
1398 - 6th St.
Coachella, CA 92236 . . . . . (619)398-0175
Insurance

Cabazon Indian Enterprises
84-245 Indio Springs Dr.
Indio, CA 92201 . . . . . (619)342-2593
Amusements/Attractions

Cactus Jack's
82-347 Highway 111
Indio, CA 92201 . . . . . (619)342-1889
Restaurants

Calfarm Insurance
Tom Curth . . . . . (619)342-0066
83-054 Requa Ave., #B
Indio, CA 92201
Insurance

Call America
73-757 Highway 111
Indio, CA 92201 . . . . . (619)340-2112
Telephone Companies

Canedo's Restaurant
82-991 Miles Ave.
Indio, CA 92201 . . . . . (619)347-9159
Restaurants

Canton Cafe
83-161 Indio Blvd.
Indio, CA 92201 . . . . . (619)347-3394
Restaurants

Canyon Answering Service
181 S. Civic Dr., #1
Palm Springs, CA 92262 . . . . (619)347-0611
Answering Service

Carl's Jr.
81-770 Highway 111
Indio, CA 92201 . . . . . (619)347-4479
Restaurants

Carr & Carr
45-242 Commerce St.
Indio, CA 92201 . . . . . (619)347-3750
Oil/Petroleum Products

Carr Paper Company
83-256 Indio Blvd.
Indio, CA 92201 . . . . . (619)773-5444
Paper Products

The Carreon Villa Apartments
82-165 Dr. Carreon Blvd.
Indio, CA 92201 . . . . . (619)342-5717
Apartments

Carreon, Dr. R.J., Jr.
46-976 Monroe St.
Indio, CA 92201 . . . . . (619)347-1770
Associate Member

Casa Mexico
82-714 Miles Ave.
Indio, CA 92201 . . . . . (619)347-7918
Department Stores

Castro Bros.
82-291 Avenue 61
Thermal, CA 92274 . . . . . (619)399-5646
Dates - Edible

Cavanaugh Electric
83-231 Highway 111
Indio, CA 92201 . . . . . (619)347-3608
Electrical Services

Century 21 - Indio Realty
81-953 Highway 111
Indio, CA 92201 . . . . . (619)347-2121
Real Estate
Real Estate-Comm. & Industrial

Chapel of the Desert Funeral' Home
51-990 S. Jackson St.
Indio, CA 92201 . . . . . (619)347-3611
Funeral Homes

Church of the Nazarene
47-655 Monroe St.
Indio, CA 92201 . . . . . (619)347-0051
Churches

Cielo Vista Apartments
81-820 Shadow Palms
Indio, CA 92201 . . . . . (619)342-5882
Apartments

Ciro's Restaurant
81-853 Highway 111
Indio, CA 92201 . . . . . (619)347-6503
Restaurants

Claremont Institute
4650 Arrow Hwy., #D-6
Montclair, CA 91763 . . . . . (714)621-6825
Non-profit Organizations

Clark's Tire & Alignment Center
82-253 Indio Blvd.
Indio, Ca 92201 . . . . . (619)342-4776
R.V. Services
Automobile Service & Repair
Car Wash

Classic Communications, Inc.
39-725 Garand Ln., #B
Palm Desert, CA 92260 . . . . (619)345-9700
Telephone Companies

Clothesline Bridal & Tux
45-015 Oasis St.
Indio, CA 92201 . . . . . (619)347-3924
Clothing-Men's Wear

Clute, Steve, Assemblyman
82-632 Highway 111
Indio, Ca 92201 . . . . . (619)347-0933
Associate Member

Coachella Valley Communication
73-754 Highway 111
Palm Desert, Ca 92260 . . . . (619)346-9292
Telephone Companies

Coachella Valley Glass Co.
81-614 Highway 111
Indio, CA 92201 . . . . . (619)347-0097
Glass & Glazing

Coachella Valley Ice Co.
83-796 Date Avenue
Indio, CA 92201 . . . . . (619)347-3529
Ice Distributors

Coachella Valley Physicians Association
74-399 Highway 111, #A
Palm Desert, CA 92260 . . . . (619)346-1866
Physicians & Medical Centers

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Claremont Institute
4650 Arrow Hwy., #D-6
Montclair, CA 91763 . . . . . (714)62
Non-profit Organizations

Y ECONOMIC
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GUIDE

Air Conditioning

Roman's Heating & Air Conditioning
80-300 Avenue 50
Indio, CA 92201
P.O. Box 1849 . . . . . (619)347-6253

San's Air Conditioning & Heating
46-671 Yorktown
Indio, CA 92201
. . . . . (619)342-4287

Alarm Systems

Mager's Alarm System Services, Inc.
. . . . . .
225 S. . . . . .
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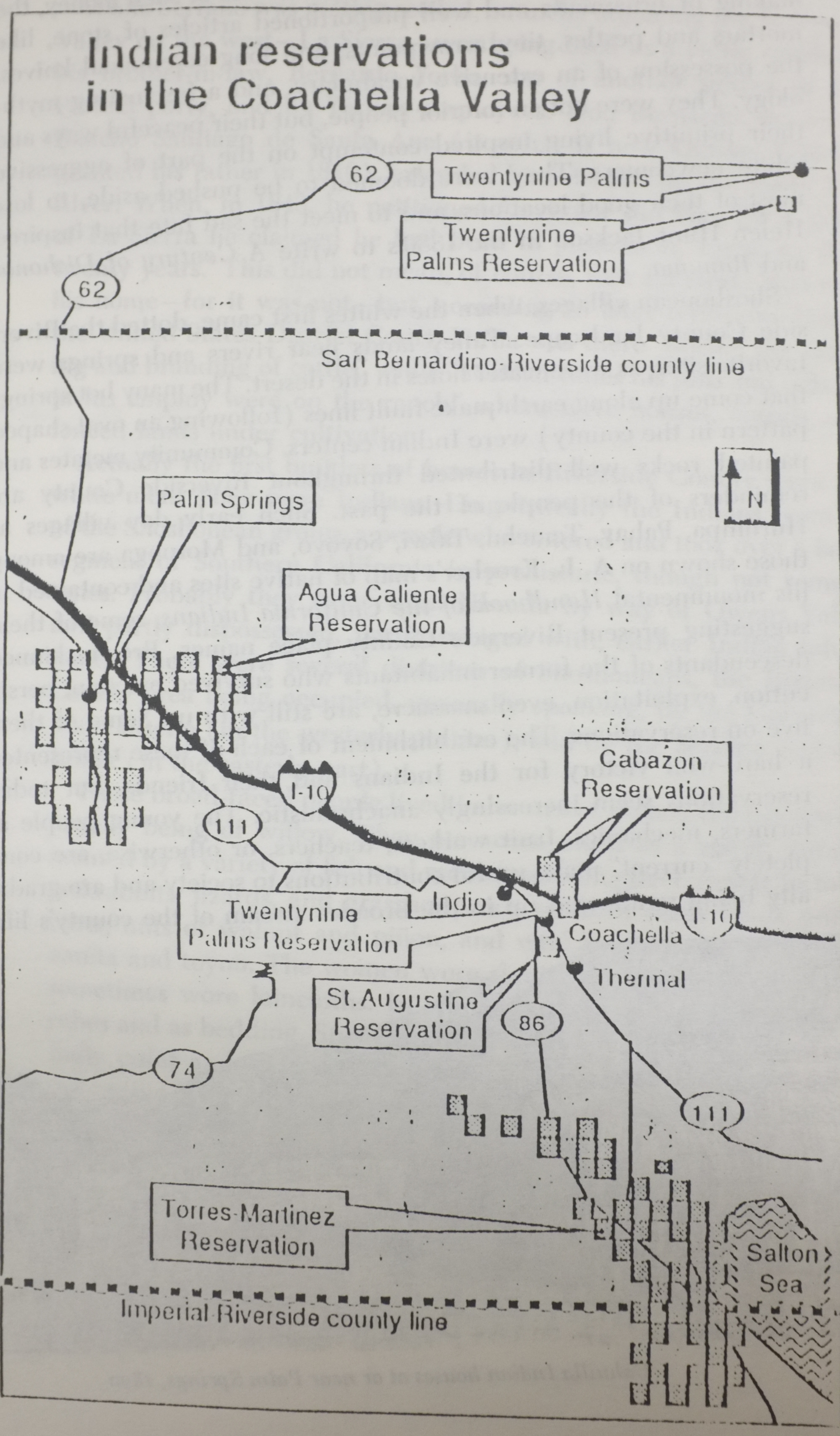

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Twentynine Palms

Twentynine Palms Reservation

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San Bernardino-Riverside county line

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Palm Springs

Agua Caliente Reservation

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Cabazon Reservation

Indio

Twentynine Palms Reservation

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Coachella

Thermal

St. Augustine Reservation

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Torres-Martinez Reservation

Salton Sea

Imperial-Riverside county line

Chief Cabazon and his captains—a Cahuilla Indian group. This Cabazon is the son of the Cabazon who met Don Benito Wilson at Agua Caliente (Palm Springs) in 1845 (Photo 1891)

1818-1819

Settlement of Riverside County's area by Spanish-Californians begins, their neighbors being Indians who had preceded them at least by centuries

Leandro Serrano is credited with being the first white settler in what is now Riverside County. The son of a soldier who had come to California in 1769 with Portolá, he was born at San Diego. In the employ of Mission San Luis Rey he became *majordomo* at the Indian *asistencia* of Pala. Because of his success in dealing with Indians he was asked by his Mission superior to settle in the Temescal Valley, now within Riverside County, extending from Lake Elsinore to Corona. Here the Indians were numerous.

The time of this move was as early as 1818 or 1819. With Indian help, Don Leandro conducted a drive against bears and mountain lions, then brought in his own sheep and cattle. Later he built his home in this valley of cienegas, of liveoaks and sycamores, of streams lined with willows and cottonwoods, of land overrun by wild grapes, Matilija poppies, primroses and wild grasses. The site of his home was by a large cienega, perhaps two miles northwest of today's Glen Ivy Hot Springs.

In the Temescal Valley Serrano set out orchards and vineyards, and about him grew up a family of sons, daughters, and sons-in-law who built other homes. Their valley became one of the highways for

Chief Cabazon and his captains—a Cahuilla Indian group. This Cabazon is the son of the Cabazon who met Don Benito Wilson at Agua Caliente (Palm Springs) in 1845 (Photo 1891)

1818-1819

travelers between San Diego (or San Juan Capistrano or Warner's Ranch) and the Pueblo of Los Angeles. Don Leandro died in 1852.

While Serrano was getting settled, a rancho adjoining the Temescal Valley on the west—La Sierra—was being used as a cattle ranch by his brother-in-law, Bernardo Yorba, son of another soldier of the Portolá party, and by Yorba's employees. Don Bernardo, owner of Rancho Santiago de Santa Ana (in what is now Orange County, granted his father in 1810), extended his interests up the Santa Ana River. When, in 1843, he petitioned Governor Pío Pico for a grant of La Sierra he claimed he had been in possession "for more than twenty years." This did not mean, of course, that La Sierra was ever his home—for it was not—but, according to later testimony before the United States District Court, Yorba was there "during the marking and branding of cattle," while "at other times his sons and persons in his employ were on the ranch," where were houses, corrals, and fenced lands under cultivation.

Actually the first builders of homes in Riverside County were not white men. They were Indians. Linguistically the Indians were all of the Shoshonean group, a people who entered and took over a large segment of Southern California in prehistoric, though not remote, times. Probably they came from Nevada by way of Owens Valley and partly dispossessed, partly merged with, earlier Indian inhabitants. There were several divisions of Shoshoneans, the Riverside County area being occupied, generally speaking, by the Gabrielino and Luiseño (in the westerly portion), and by the Serrano and Cahuilla (in the easterly part).

These broad-faced people lived in houses of thatch, the framework usually being of willow. They ate acorn mush as a staple, supplemented by a variety of fish and meat (including deer, desert tortoise, jackrabbits, lizards, and grasshoppers), seeds of many kinds, edible roots, nuts of walnut and piñon, and wild berries, especially manzanita and toyon. The women wore short skirts or aprons. The men sometimes wore loincloths. In winter rabbitskin blankets served as robes and as bedding. Strings of beads were favorite ornaments, with body paint and tattooing in vogue. They used the bow and arrow in hunting large animals, snares for small animals. They loved games, especially guessing and gambling ones. Their accomplishments included a great adaptability to environment, skillful basketmaking, the digging of deep wells in desert areas, the use of shell money, the making of ornaments and well proportioned articles of stone, like mortars and pestles, tiny arrowpoints, and long ceremonial knives, the possession of an extensive vocabulary, and a fascinating mythology. They were not an inferior people, but their peaceful ways and their primitive living inspired contempt on the part of aggressive white newcomers. They were doomed to be pushed aside, to lose most of their good locations, and to meet the sad fate that inspired Helen Hunt Jackson in the 1880's to write *A Century of Dishonor* and *Ramona*.

Shoshonean villages, when the whites first came, dotted the Riverside County landscape. Valley lands near rivers and springs were favorite sites, as were water holes in the desert. The many hot springs that come up along earthquake fault lines (following an oval-shaped pattern in the county) were Indian centers. Community metates and painted rocks well distributed throughout Riverside County are reminders of the people of the past. Such early day villages as Hurumpa, Pahav, Temeku, Takvi, Sovovo, and Moronga are among those shown on A. L. Kroeber's map of native sites and contained in his monumental *Handbook of the California Indians*, some of them suggesting present Riverside County place names. Brown-skinned descendants of the former inhabitants who survived eviction, persecution, exploitation, even massacre, are still with us. Some of them live on reservations. The establishment of each of these represented a hard-won victory for the Indians and their friends, but today reservations seem increasingly anachronistic. The young people as farmers, mechanics, fruit workers, teachers, or otherwise, are completely "current," make useful contributions to society and are gradually being swallowed up in the broader stream of the county's life.

Cahuilla Indian houses at or near Palm Springs, 1890

Chapter 3

U.S. Assistance Has Not Reduced Opium Production

Despite 15 years of U.S. assistance for an anti-narcotics program, Burma's opium production has continued to increase. To some extent, operating inefficiencies and a lack of control over resources account for the program's poor results. But, even with program improvements, there is little indication that the Burmese can be provided with enough assistance to significantly reduce the narcotics trade through enforcement efforts. However, U.S. officials were generally pleased with the Burma program's results, and had planned to expand the level of U.S. assistance. U.S. officials also believed that, in addition to destroying and interdicting opium, the program contributed to developing an international consensus against narcotics production and trafficking.

Assistance Program Emphasizes Enforcement

Beginning in 1974, State has provided assistance to Burma in an attempt to reduce the amount of opium cultivated and refined. Most of the assistance has supported enforcement-based efforts by the Burma Army and Air Force. To support the interdiction of opium caravans and the destruction of refineries, State provided Burma 28 helicopters and 6 fixed-wing transport aircraft. State also provided five Thrush spray aircraft, herbicide, and pilot training for an aerial eradication program that the Burmese initiated during the 1986 growing season. One Thrush crashed and was destroyed during program operations.[1]

U.S. Assistance Not Used Effectively Against Narcotics

Through the 1988 growing season, U.S.-provided enforcement assistance was not used effectively against opium production. The Burmese only eradicated areas that could be secured by the Army, and therefore, the program did not target most of the growing region. Operational inefficiencies prevented the Burmese from achieving their eradication targets in the more secure areas, and Burma's overall opium production has continued to increase. State did not collect data on the actual use of helicopters and transport aircraft, and it has been alleged that the Burmese use these assets for counterinsurgency operations at the expense of direct action against trafficking.

Little Eradication in Insurgent-Controlled Areas

Increased opium production can be partly attributed to the Burmese government's inability to eradicate many growing areas controlled by insurgents. The Burmese did not spray poppy fields unless they had been secured by the Army. The BCP is heavily entrenched throughout

[1] According to U.S. officials, prior to 1986 the Burmese government was given title to all aircraft. Under new legislation (P.L. 99-570), State will retain title to any additional aircraft provided.

much of the growing region, and securing poppy fields in these areas would have required the commitment of significant Burma Army resources. As a result, the Burmese eradication effort targeted few of the estimated 230,000 acres of poppy controlled by the BCP.

Aerial Eradication Program Operated Inefficiently

Even in the relatively secure areas where the Burmese sprayed, several program inefficiencies have limited the program's impact.

- The Burmese eradicated only during part of each growing season. In 1987 and 1988, the Burmese started spraying too late in the season and ended the program too early. While increased insurgent activity reportedly forced an early cessation of the spray program in 1987, U.S. officials could not determine why the Burmese terminated the program early in 1988, or initiated spraying too late in both years.
- The Burmese did not allow U.S. instructors to provide all recommended pilot training. As originally agreed, State sent instructors to Burma to provide on-the-job training during an entire growing season. This training would have ensured that pilots had mastered the technical aspects of the eradication program. However, the Burmese did not allow the instructors to accompany the pilots on spray missions.
- The Burmese did not provide an adequate number of pilots to be trained for spray operations. In 1988, State requested that the Burmese provide eight additional pilots to replace those lost through promotion, rotation, and death. The Burmese initially resisted sending any pilots for training, although they did eventually send two.
- In eradication operations, spray planes are directed by spotter/control aircraft operating at higher altitudes. Originally, a Burma Air Force PC-6 (non-spray) aircraft was to have this role. However, the Burmese used the PC-6s for military purposes and, according to U.S. officials, often used a Thrush as a spotter, thereby reducing the number of aircraft available to spray.

Eradication Has Not Reduced Burma's Opium Production

As a result of the various limitations and inefficiencies, the eradication program has had little impact on opium production. During 1986, a "learning year" according to State, the Burmese sprayed approximately 13,000 acres of opium with three planes; in 1987 about 23,000 acres were sprayed. However, in 1988 only 26,000 acres were sprayed, despite

two additional spray planes.[2] U.S. officials could not explain the Burmese government's uneven support for the program, or its unwillingness to accept advice on how to improve the program.

According to U.S. officials, the eradication program has changed cultivation patterns in some sprayed areas. In response to the program, farmers have reportedly moved poppy cultivation to smaller, more remote fields, sometimes on steeper hills, to make their fields more difficult to detect and eradicate. Farmers are also reportedly devoting more of their fields to food crops in an effort to camouflage the opium poppy.

Despite these changes in some areas, Burma's overall opium production has increased since the spray program was initiated. Total acreage cultivated for opium poppy increased from an estimated 175,000 acres in 1985 to an estimated 290,000 acres in 1988. As a result of the increase in acreage cultivated and favorable weather conditions, Burma's estimated opium yield increased from 350 to 1,280 metric tons during the same period. Reportedly, farmers, in some cases encouraged by traffickers, simply expand their opium production to counter potential losses from the aerial eradication program. Furthermore, the BCP continues to support increasingly sophisticated and efficient opium cultivation in the regions under its control.

Enforcement Assistance Ineffective Against Traffickers, Not Monitored by State

Recent enforcement efforts by Burmese government have had little effect on narcotics trafficking. From 1984 to 1987, the Burma Army and police annually seized an average of about 1.5 metric tons of opium, less than 1 percent of total annual yield, and destroyed about five refineries. These actions did little to reduce Burmese opium trafficking.

Furthermore, we could not determine if U.S.-provided aircraft had been used to assist any of the reported opium or refinery seizures. Although State had established specific indicators to measure how U.S. assistance contributed to anti-narcotics objectives, including the amount of opiates seized in the attacks against trafficking organizations and the percentage of flight time each aircraft devoted to anti-narcotics activities, corresponding data were not collected for these indicators. U.S. officials told us that they had no additional information about the aircraft.

[2]The Burmese also conduct manual eradication operations in the more secure areas. Manual efforts reportedly eradicated about 17,600 acres in 1987, but only 5,400 acres in 1988.

The media and some individuals have alleged that the Burmese use helicopters and transport aircraft to support counterinsurgency activities at the expense of direct action against trafficking. U.S. officials told us that they believed that the Burmese generally used the equipment only for anti-narcotics operations. However, we do not believe that State has collected enough data to determine whether the Burmese used U.S.-provided equipment for counterinsurgency purposes.

Enforcement Programs Not Likely to Reduce Opium Production

While the Burmese used U.S.-provided assistance inefficiently, and may have used it for other than its intended purposes, correcting these problems and expanding enforcement efforts would not necessarily lead to significant opium reductions. For eradication and interdiction programs to be effective, the Burmese would need not only greater efficiency, but also many more resources than are currently available.

Expanded Eradication Program Unlikely to Overcome Trafficker Defenses, Burmese Reticence

We found little evidence to suggest that the Burmese could expand the aerial eradication program to effective levels. First, more planes and pilots would be needed to spray Burma's huge growing area. Even if the five planes already committed to the program operated efficiently, the Burmese would be able to spray only about 100,000 acres, approximately one-third of the area currently under cultivation. Assuming that grower countermeasures did not offset eradicated acreage, Burma would still have a growing area of nearly 200,000 acres, a larger area than was under cultivation in 1985 before aerial eradication began. The Burmese government has not yet demonstrated the necessary commitment to ensure efficient operation of the spray program.

To be effective, eradication must include the large insurgent-controlled growing areas. However, the attrition rate for pilots and aircraft may increase if the program expands to these areas. Insurgent groups purchase modern weapons on the international arms market, and could upgrade their capabilities to defend against the relatively vulnerable propeller-driven spray aircraft.

Sufficient Resources for Narcotics Interdiction Not Available

According to U.S. government reports, it would be difficult for the Burmese to sustain effective interdiction efforts against narcotics trafficking and refining. As we noted in our February 1988 report, the trafficking groups defend the opium cultivation and refining regions with weapons that are often superior to the Burma Army's equipment. The Army does not have sufficient mobility to operate effectively in the

remote areas where opium is grown and refined. As a result, opium reductions through increased enforcement efforts are unlikely in the near future.

U.S. government reports also suggest that action against traffickers is limited by the ongoing conflict between the Burma Army and the various insurgent groups. As we reported in 1988, there is some concern that the Burma Army cannot deal effectively with insurgency and narcotics control problems at the same time. In the past, insurgent offensives have forced the Burmese military to halt eradication and interdiction efforts, and have highlighted its lack of resources.

State Department Sought Expanded Program

While recognizing that shortcomings and problems remained, U.S. officials were generally pleased with the Burmese enforcement efforts and, before civil unrest halted the program, sought to increase enforcement assistance. They believed that the Burmese efforts were resulting in the destruction and interdiction of significant amounts of opium, that the aerial eradication program could be expanded to insurgent-controlled areas without heavy aircraft attrition, and that enforcement efforts would significantly reduce Burma's opium production. In addition to action against narcotics, State believed that the program also provided indirect political benefits to the United States.

U.S. Officials Supported Expanded Assistance

U.S. officials described the 31,000 acres of opium poppy eradicated during the 1988 growing season as "a fantastic effort." They acknowledged that the aerial eradication program required some improvements, including spraying in insurgent controlled areas, but expected such improvements to occur as the Burmese gained more experience with aerial eradication. In response to reports that U.S. assistance was being used for counterinsurgency activities, officials stated that the Burmese generally used the helicopters and transport aircraft only against opium trafficking and refining.

According to its 1988 International Narcotics Control Strategy Report, State expected the Burmese to achieve significant reductions in illicit drug production through expanded aerial eradication and increased enforcement activities. U.S. officials told us that proper spray techniques, such as flying fast and low, and the immediate abandonment of spray missions if ground fire is encountered, would limit aircraft losses against the insurgents' current air defenses. They noted that aerial eradication involves some level of risk, even in secure areas, and that the

pilots they trained were willing to spray insurgent-controlled areas if allowed by their superiors. To encourage more aggressive spraying, they promised to replace any aircraft that were shot down or crashed during operations. State also gave the Burmese a helicopter specifically to rescue downed pilots.

State Saw Political Benefits From the Program

Some U.S. officials told us that the narcotics assistance program had increased contacts between U.S. and Burmese government officials and helped to improve bilateral relations. U.S. officials also suggested that the program served an important symbolic role and that it was important for the United States to demonstrate its resolve to fight opium at the source. The officials said that, by clearly indicating that the United States disapproves of opium production, enforcement programs may dissuade some farmers from planting poppy or expanding their fields. Some U.S. officials also stated that the program in Burma may have encouraged other countries, such as Pakistan, to accept anti-narcotics assistance.

The suspension of assistance was a setback for U.S. relations with the Burmese government, according to U.S. officials, but it may have improved the U.S. image within Burma's minority areas. We were told that the minorities viewed U.S. assistance to Burma as a collaboration with the Burmese government's brutal counterinsurgency campaign.[3] As a result, the assistance program reportedly generated anti-American sentiment among the various ethnic groups. National Democratic Front officials, representing many of these minority groups, told us that they were grateful that the United States had suspended assistance to the military regime.

[3]Given the numerous reports of human rights abuses by the Burmese Army, we attempted to determine if such abuses were inflicted by ground troops securing opium fields for the aerial eradication program. State could provide no specific information about the activities of military units during eradication efforts.

Health Effects of the Spray Program

The aerial eradication program has been criticized for causing adverse health effects. Although there are concerns and uncertainties within the scientific community about the long-term health effects of the spraying, risks are minimized if the herbicide is applied properly. State's environmental review of the program included procedures to minimize the potential health effects of the herbicide, but these procedures were not followed, and State had little basis for judging the safety of the program. We were unable to confirm allegations of sickness or death resulting from the program.

Long-Term Health Effects Are Unknown

The herbicide used for aerial eradication is a chemical called 2, 4-Dichlorophenoxyacetic acid, or 2,4-D. There is concern about the chemical's effects on humans, even though it has been used both commercially and by homeowners throughout the United States and abroad for over 40 years. Exposure to or ingestion of large amounts of 2,4-D can result in sickness or death, and there is some evidence that extended exposure may cause cancer.

Health Studies Controversial, Inconclusive

The Environmental Protection Agency (EPA) classifies 2,4-D as having relatively low toxicity, and a World Health Organization standard[1] indicates that, at the application rates planned by State, a 150-pound person could eat about 3.3 ounces of vegetables contaminated with 2,4-D each day without ill effects. However, according to EPA's Pesticide Fact Sheet, there have been reports of sickness caused by accidental poisoning with 2,4-D. In addition, deaths resulting from the consumption of large doses of 2,4-D have been reported.

EPA cannot classify 2,4-D with regard to human carcinogenicity because the available data are not adequate. Although 2,4-D has been in use for over 40 years, older studies did not follow currently accepted test and measurement standards, and some 2,4-D formulations have not been studied. Questions about the long-term effects of 2,4-D were raised by a 1986 National Cancer Institute study of farmers in Kansas that associated 2,4-D with a six-fold increase in the occurrence of non-Hodgkin lymphoma, a form of cancer, among those who used it over an extended period. However, the official who headed the study said that some researchers had concerns about the study's methodology. The study had

[1]The World Health Organization has established an acceptable daily intake (the estimated maximum amount that could be consumed every day of a person's life without harmful side effects) of 0.3 milligrams of 2,4-D per kilogram of body weight.

relied on people's memory about how they handled 2,4-D over a 20-year period and did not consider whether other factors could have contributed to the cancer.

According to the official, a similar 1988 study of farmers in Nebraska also associated 2,4-D with an increased incidence of cancer but was not as statistically significant as the Kansas study. Because of questions about the adequacy of these studies, and because other studies did not show a correlation between 2,4-D and an increased incidence of cancer, the National Cancer Institute is conducting additional research on the long-term effects of the herbicide. However, it will be several years before the results of this research are available.

On the other hand, the Council for Agricultural Science and Technology reported that 2,4-D, as it is generally used, does not represent a significant human health threat. The Council cautioned, however, that 2,4-D should be used carefully and that the reports of possible carcinogenic effects should serve to increase scientific vigilance and investigation into the issue.

Recommended Safety Procedures Were Not Implemented

Before the spray program started, State contracted for a Concise Environmental Review (CER) which recommended ways to reduce 2,4-D's potential health problems. The CER included operational procedures to reduce exposure to the spray, and recommended that State closely monitor the program. However, the Burmese did not implement all of the recommended safety precautions and did not allow State to directly monitor spray operations. As a result, State had little basis for judging the overall safety of the eradication program.

Environmental Review Included Safety Precautions

Recognizing the potential health hazards of aerial eradication, the CER recommended that State ensure that the Burmese conduct spray operations according to EPA guidelines and commonly accepted professional standards. According to the CER, State should develop a mutually agreeable system with the Burmese to (1) monitor the operation and results of the program, including a program to test the soil in the area sprayed; (2) avoid direct spraying of populated areas, food crops, and water supplies; and (3) warn the people in the area before beginning the spraying operations. The CER stated that State officials should closely monitor the pilots, and the spray program from implementation through its conclusion, and determine the program's effects on human health.

The CER noted that the opium growing areas of Burma have inadequate facilities for fresh water and sanitation disposal, and that there is a high incidence of gastrointestinal diseases and chronic respiratory diseases among the Burmese population, which could make them more susceptible to the hazardous effects of the herbicide. The CER further stated that, although neither the poppy growers in Burma nor their food crops or livestock were likely to be exposed to dangerous quantities of the herbicide at the planned application rates, precautions should be taken because of the potential dangers of 2,4-D.

However, the precautions and monitoring envisioned by the CER were not implemented. The Burmese did not allow State to closely monitor pilot performance or to monitor the spray program from implementation through its conclusion. State officials were rarely permitted to visit the parts of the country where the spraying operations are conducted, and therefore, could not determine the effects on human health. Officials said that the soil sampling aspect of the program had not been implemented, and that a public information campaign to inform villagers about safety precautions had been discontinued. U.S. officials agreed that the few occasions that they were permitted to observe program operations may not have been representative of normal operations.

Little Assurance of Program Safety

Although recommended safeguards and monitoring were not implemented, U.S. officials believe the Burmese generally conducted the program appropriately. Officials stated that they monitored the program through reports received from the Burmese on how the program was being conducted and relied on informants and other intelligence information to cross-check the accuracy of this information. However, given the uncertainties about the health hazards of 2,4-D, the limited program monitoring, and the abandonment of recommended safety precautions, there was not a good basis for assessing the program's safety.

Critics Allege Spray Program Caused Sickness and Death

Critics have reported that the aerial eradication program caused adverse health effects and that people and animals have become sick or died after some poppy fields were sprayed. We discussed the spray program with a number of the critics, including reporters, concerned individuals, and representatives of the National Democratic Front. However, from the information that they provided, we could not confirm that anyone actually had become sick or died as a result of the program. Several of the critics told us that their information came from secondhand and thirdhand accounts.

In February 1988, one individual traveled into areas of Burma that had been sprayed. According to the interviewer's records, villagers claimed that the spray program had caused some people to become ill and had killed some animals. The interviewer stated that these stories could not be confirmed, and that the truth about health problems is difficult to separate from local folklore. However, villagers' descriptions of the spray's effects, including dizziness and vomiting, were generally consistent with the known effects of 2,4-D exposure. In addition, the interviewer stated that villagers were unable to take the health precautions recommended by EPA to limit exposure to 2,4-D, and would be expected to have lower tolerances because of inadequate sanitary facilities and poor living conditions.

U.S. officials said that they were aware of the allegations that the herbicide had adversely affected the populace. They said they were skeptical about the villagers' stories because the interviewer's visit to Burma had been arranged by a major drug trafficking organization. Officials believed that accounts of the problems had been staged as propaganda against the eradication program.

U.S. government officials from Rangoon said that they had made inquiries regarding reports of the spray program causing adverse health effects, but had not received credible evidence to substantiate the allegations. They said they had received only one unconfirmed report about a woman who had become ill after the spraying. Officials also pointed out that Burmese troops are in the area when the spraying takes place and also may be exposed to the herbicide, but that they had reported no illnesses.

From the information provided by the critics and the U.S. officials, we could not confirm that people actually had become sick from the spraying program. However, we found that the chance of accidental ingestion of 2,4-D may be increasing. According to numerous reports, Burmese farmers traditionally intersperse food crops with opium, a practice we also observed in Thailand's opium growing region. In response to the aerial eradication program, observers report that farmers increasingly use food crops to camouflage opium fields. If these fields are sprayed, there is a greater chance that villagers, if uninformed about the health risks of 2,4-D, will ingest these crops, or feed them to their animals.

Chapter 5
Conclu
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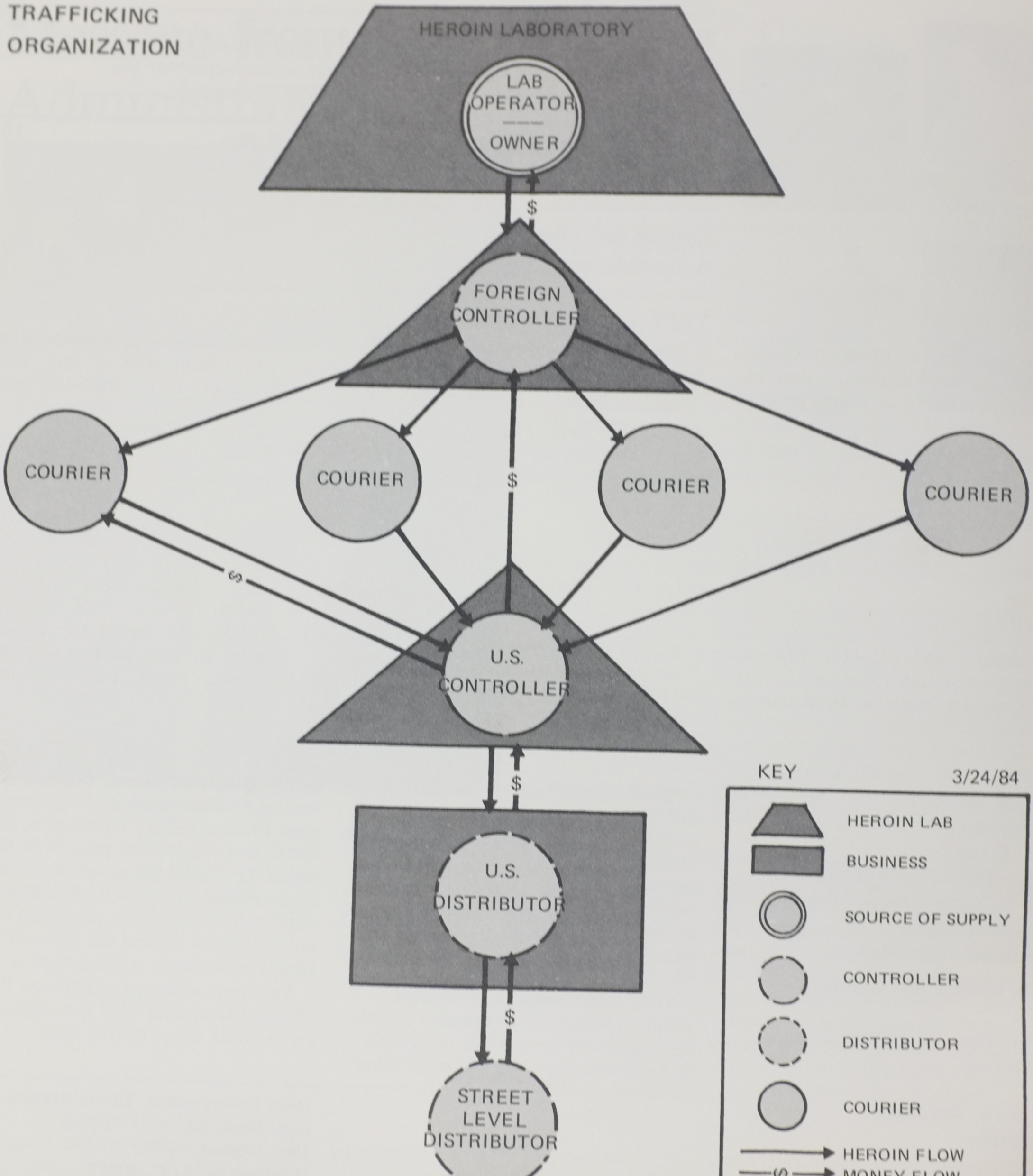
HEROIN TRAFFICKING ORGANIZATION



of the significance of an organization. Because of differing environments throughout the country, however, the *Guidelines* also provide that "each core city United States Attorney, in consultation with his or her Advisory Committee, may establish more specific criteria (such as minimum quantities of a given substance) to be applied within a Task Force area" in determining whether a target is high-level.

It is apparent, for instance, that in rural mid-America 15 pounds of marijuana may be a significant amount in terms of its impact on society and the local economy. But 15 *tons* might be of comparable significance along the Gulf Coast, where importation and transshipment take place. It is the impact on the social and economic welfare of the community that stands as a significant criterion in case selection, and each Task Force is given some latitude in making that determination.

The Task Force Case Initiation Form is the form used to report the measurements of an organization's importance, its relevance as a target, and the importance of each person identified as a principal prospective defendant within the case. By reviewing the Case Initiation Form data it can be determined whether the targets are indeed high-level.

One of the measurements of principal prospective defendants is their organizational rank. Almost 30 percent of the identified principal prospective defendants fall into the largest category, "Top leader." An additional 25 percent are "Mid-level leaders."

The fact that there are over 2,000 potential principal defendants listed for 467 cases indicates that the cases focus on organizations, not individuals. About one-half of the targeted organizations are non-traditional criminal groups that have been put together for the express purpose of dealing in drugs. An additional 39 percent are traditional organized crime groups which engage in drug trafficking along with other types of criminal activity. Prison gangs and outlaw motorcycle gangs are targeted in 30 cases.

Another aspect of the high-level nature of Task Force targets is their international involvement. Most narcotics originate overseas. An international organization procures and transports the drugs to distributors in the United States. The financing of these drug transactions inevitably results in the transfer of huge amounts of money between the United States and a variety of

"About one-half of the targeted organizations are non-traditional criminal groups that have been put together for the express purpose of dealing in drugs."

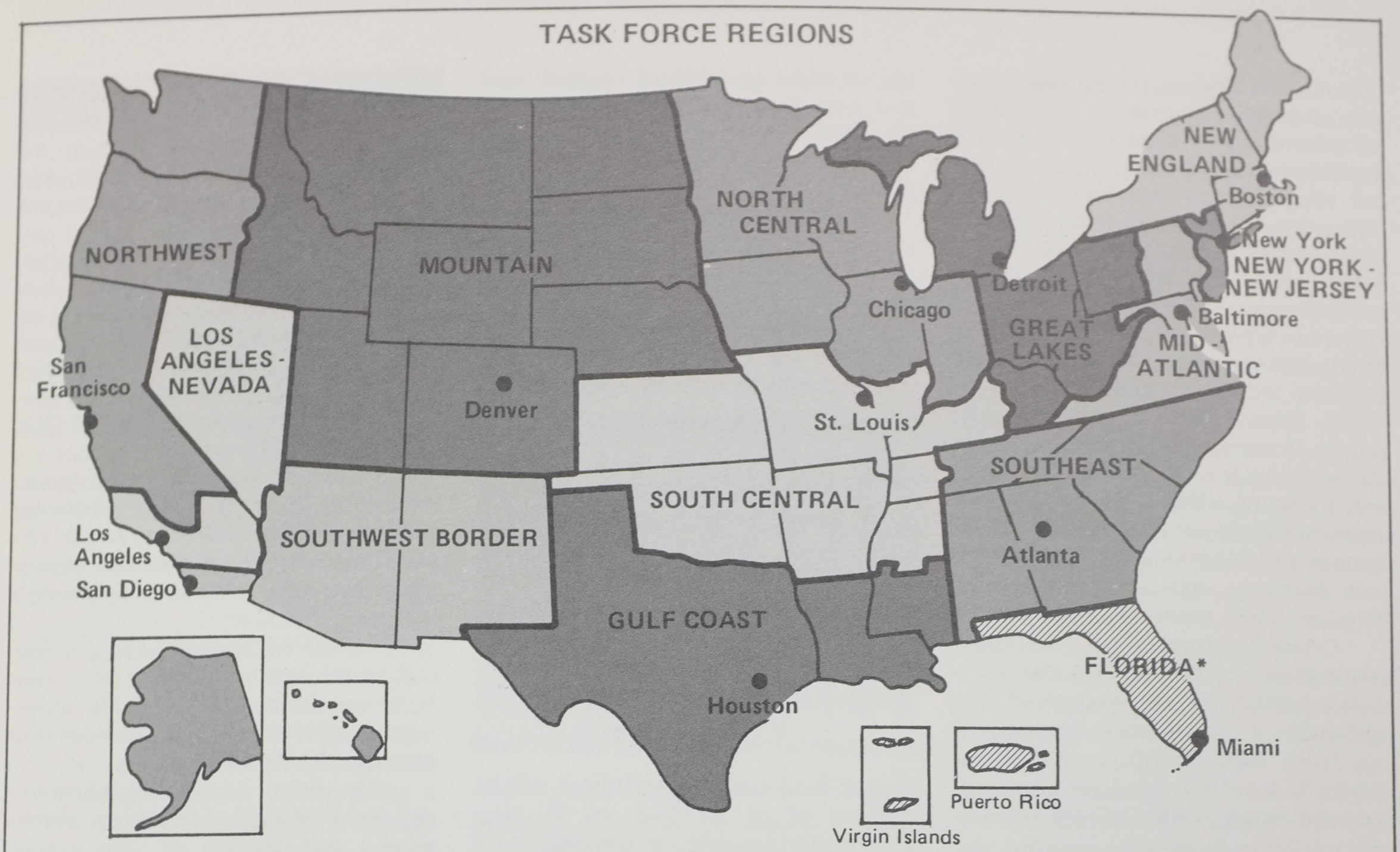
foreign jurisdictions. On an even larger monetary scale, major drug dealers acquire vast profits which they cannot use without "laundering," a process that usually involves international financial transfers. Consequently, most major drug dealing organizations are involved with foreign jurisdictions for the procurement of the drugs for sale, for the laundering of their proceeds, or for both.

Indicative of the high-level nature of the targets, almost half of the Task Forces' cases listed on Case Initiation Forms are international in scope. The remaining half are almost all "multi-district" cases, indicating that they are also geographically extensive. One attribute of the Task Force Program is that it has sufficient resources and the tenacity to permit thorough and aggressive pursuit of the international aspects of cases far beyond what has been true in the past.

Major targets merit major penalties. The Racketeer Influenced and Corrupt Organizations (RICO) and Continuing Criminal Enterprise (CCE) statutes were enacted to provide appropriate penalties for major offenders. These statutes are intended to remove high-level drug traffickers and organized crime leaders from active roles in their criminal enterprises and to deprive them of both their ill-gotten assets and the means for continuing to operate or influence those enterprises. These statutes provide for substantial penalties, including fines, forfeiture of property, and, for CCE violations, mandatory prison terms. Forfeiture applies to any property or contractual rights that afford the defendant a source of influence over the enterprise. The Task Forces are seeking indictments under these statutes whenever possible. Task Forces are also attempting to combine diverse charges, without violating the principle of double jeopardy, in order to maximize the deterrent effect of prosecution and to minimize the convicted trafficker's ability to continue any illegal activities.

When Case Initiation Forms were completed, the Task Forces expected that over 33 percent of the cases would result in RICO charges, and two-thirds would include CCE charges. At the end of the first year of Task Force operations, 90 persons had been indicted over the RICO statute, 71 persons under CCE. Fifty-one Task Force cases resulted in RICO or CCE indictments, or both, in 1983. This is well over one-third of the 139 such cases approved by the Department of Justice during the same period. Department of Justice figures reflect a significant growth in the number of RICO and CCE prosecutions approved during the past year.

The Task Force Program is insistent on ensuring that drug traffickers be penalized; it does not insist that they be charged with drug felonies. As the *Guidelines* state, "It is not necessary that every Task Force prosecution include specific drug charges, but every Task



The South Florida Task Force remains a separate entity. A 13th Task Force was opened in Miami on October 1, 1984.

Force prosecution must be drug-related. That is, the specific charges may be tax, RICO, currency, or other non-drug violations, as long as the targets have been identified as major drug violators and otherwise meet the Task Force standards." By the end of 1983, 44 of the Task Forces' 264 indictments contained no drug charges.

The Professionals and Other Individuals

Just as organizations vary in size and scope, so may the activities of the individuals who participate in the illegal drug trade. On one hand, there are many individuals who provide crucial services to drug organizations. In particular, these tend to be the people who finance the operations or assist in laundering funds. These people may never "touch the drugs," but without their services the organizations could not flourish. In many instances these backers and launderers are not an integral part of a single organization. Indeed, they may perform their services for several organizations. But they qualify as targets in their own right.

On the other hand, the volume of drug trade may not be as significant in the case of some individuals who are targeted by the Task Forces, but consideration must be given to the impact of their activities on the social fabric of their communities. This is particularly the case with those individuals who use their positions of public trust to participate in illegal drug trade. An individual doctor who, for profit, improperly prescribes drugs may be involved in relatively insignificant amounts, but the betrayal of professional standards and trust have a serious and adverse effect on our society. The same applies to the dentist or pharmacist who participates illegally and for profit in the drug trade. No less destructive are the corrupt public officials who profit from drugs and, regardless of the volume of drugs involved, they are also deemed to be appropriate targets for Task Force operations.

As reported in the Case Initiation Forms, at least 17 Task Force cases have targeted corrupt public officials; another 8 are directed at medical/pharmaceutical practitioners. Financiers and money launderers are targeted in over 150 cases. The Case Initiation Forms do not provide for identification of the numbers of other professionals—bankers, lawyers, accountants, etc.—who are betraying the public's trust, but those data will become available in subsequent reporting.

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ROSENTHAL

Agents with 294 kilos of cocaine seized in Lafayette, GA.

Rosenthal (seated) was escorted back to the U.S. after being expelled from Colombia. Left to right: Bill Malarney (DEA), Robert Darnell (U.S. Marshal), and Pierre Charette (DEA).

Piper Navajo used to transport cocaine. Seized October 1982.

In January 1984 Attorney General William French Smith announced the indictment of 30 members of a drug trafficking ring that had smuggled some five tons of cocaine into the United States. The Attorney General described it as the largest cocaine trafficking ring in the history of federal law enforcement.

The cocaine was brought from Colombia by the Harold Rosenthal organization into Georgia, Florida, Tennessee, and Pennsylvania starting in June 1982.

The case was initiated by the Atlanta office of DEA in 1982. A separate, related investigation was being conducted by the FBI. Both investigations were merged into the task force program after it became operational in 1983. The task force concept was able to utilize all available federal, state, and local agencies and resources, as well as foreign governments to bring to a successful conclusion a complex and important case.

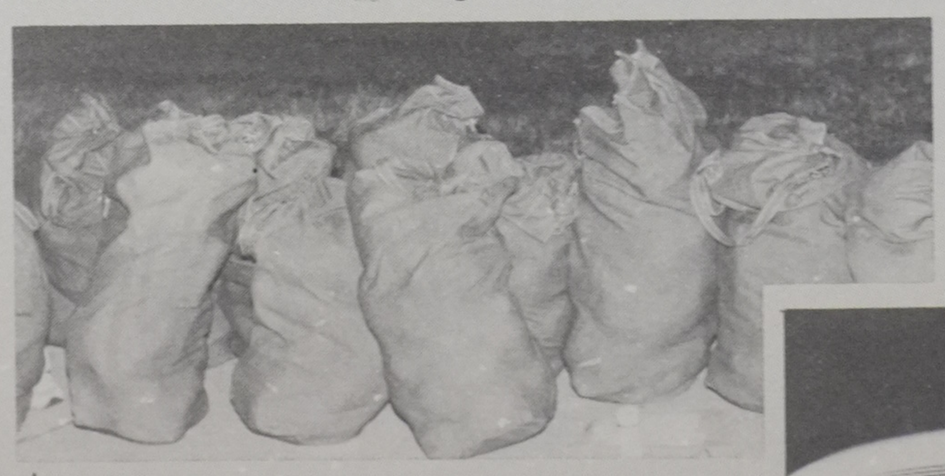
The ring's leader, Harold Joseph Rosenthal, was captured by law enforcement authorities in Colombia. He was expelled from the country and returned to the United States by Colombian agents.

Rosenthal had directed his operation from Colombia after fleeing there following his escape from a federal prison in Tennessee in 1981.

The initial phase of the investigation culminated in July 1982 with the seizure of 570 kilos of cocaine and the arrest of nine defendants in Cleveland, Tennessee. Rosenthal's key lieutenant in the United States, Leonard Steele, was subsequently indicted and arrested in conjunction with that seizure.

In the following months at least seven more loads of cocaine, totaling around 3,000 kilos, were imported into the U.S. by the Rosenthal group. In October 1982 the task force seized 294 kilos of cocaine and a Piper Navajo aircraft, and arrested seven individuals, four of them previously documented ed associates of the Rosenthal organization.

In addition to the DEA and FBI, other agencies which contributed to this case included: U.S. Marshals Service, ATF, U.S. Customs, and IRS; the Marietta-Cobb-Smyrna Organized Crime Squad of Cobb County, Goergia, Sheriff's Department; the U.S. Attorney's offices in the Eastern District of Arkansas, Eastern District of Tennessee, Western District of Oklahoma; and the Southern District of Florida; and the Los Angeles and Miami Organized Crime Strike Forces.

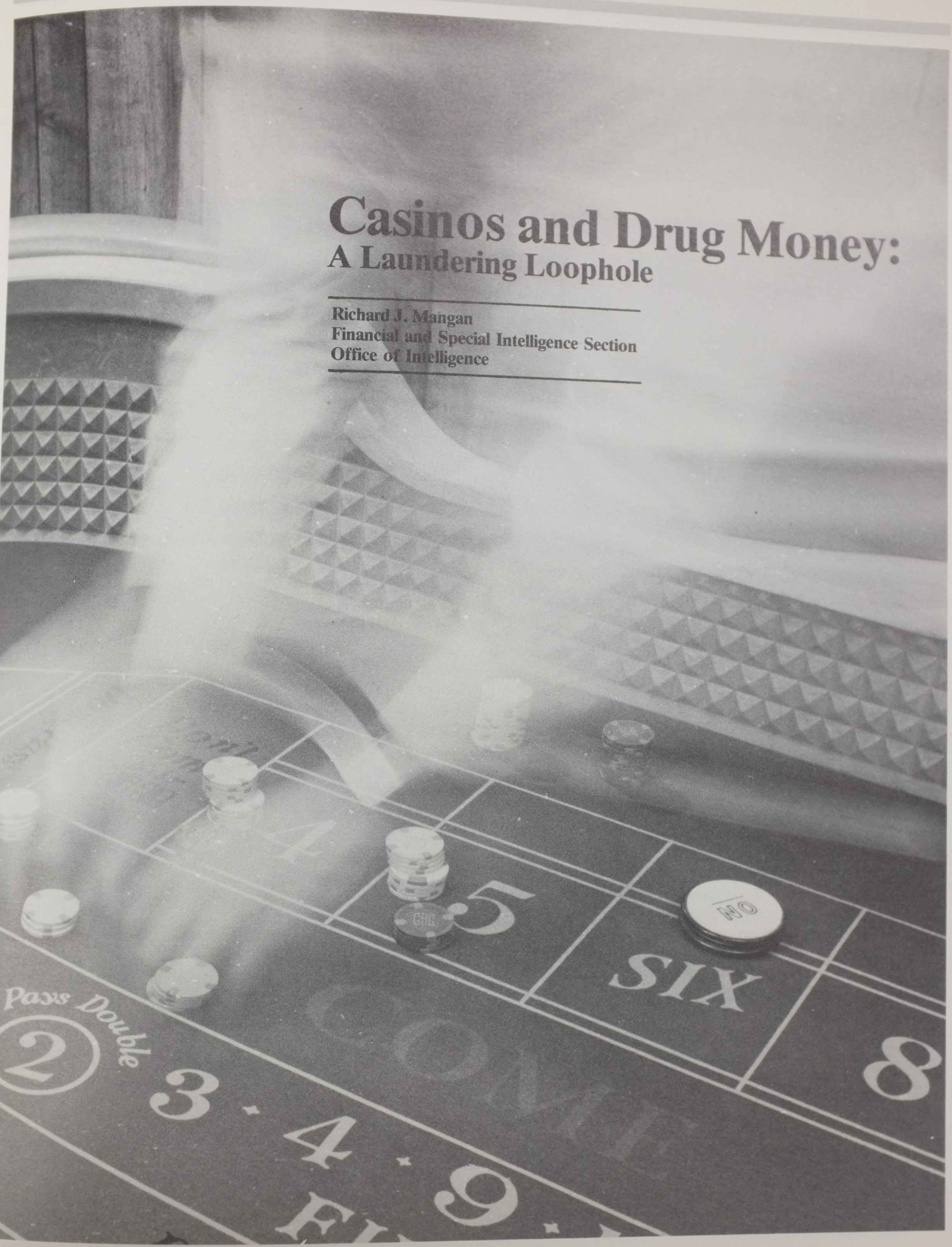


343 kilos of cocaine seized in Georgia after being brought to U.S. by DEA undercover pilot.

Aircraft purchased by DEA for $890,000 from funds furnished by traffickers.

Casinos and Drug Money:
A Laundering Loophole

Richard J. Mangan
Financial and Special Intelligence Section
Office of Intelligence



Casinos and Drug Money:
A Laundering Loophole

A disturbing trend has been identified in a growing number of DEA investigations: the use of casinos to aid in the laundering of drug moneys. Cooperating individuals closely associated with the casino money-laundering process also indicate that such activity is widespread. Undercover conversations of DEA agents with some casino managers further substantiate this information. This is a change from money-laundering activity encountered in DEA investigations conducted prior to the 1980's.

DEA's investigation of Maurice D. "Peanuts" King, who controlled one of the largest heroin distribution rings in the area of Baltimore, Maryland, revealed the use of an Atlantic City casino to launder at least $418,000 in drug proceeds. Seized in conjunction with arrests in this case was over $300,000 in currency. The currency was in $5,000 stacks of $100 bills in wrappers from Resorts International Casino in Atlantic City.

Information developed during a major DEA investigation in St. Louis revealed the use of a well-established Las Vegas Casino to launder drug money. Managers of the casino's U.S. and South American operations indicated that they could wash all money earned by the trafficking group from the sale of narcotics in the United States.

During an extensive cooperative investigation by DEA, FBI, IRS, and U.S. Customs, an account was established at the Royal Casino in Las Vegas by undercover agents. The investigation revealed that the casino was being used to convert small denominations of drug-generated currency into larger denominations prior to its transportation to the Cayman Islands and Luxembourg. Defendants indicted in the case included the casino owner and the general manager.

In yet another investigation, Joseph Richardson, a heroin trafficker from Washington, D.C., made cash deposits and withdrawals of over $1 million in Atlantic City casinos during a four-month period in 1982. Richardson was using the casinos to launder his heroin proceeds.

These are but a few examples of drug money laundering using gambling casinos in Las Vegas and Atlantic City. Gambling casinos are used, however, to launder moneys derived from a vast array of illicit activity. Cases exist which document the use of casinos to launder moneys acquired from bank robberies, kidnapping, loansharking, and insurance fraud. The ways these illicit moneys are laundered using gambling casinos are equally varied. The following are examples of several methods uncovered by DEA and other law enforcement agencies.

- One method simply involves the exchange of small denomination bills for larger ones. Drug proceeds are thus converted into a less conspicuous and more easily transportable form.
- Another method involves the casino knowingly investing the traffickers' funds, wiring the money to offshore accounts, or providing loans back to the client.
- A third method involves the use of two or more casinos to transfer money between traffickers, frequently referred to as lateral transfers. The recipient of a drug shipment in the United States can give money to a casino for transfer to a designated account in an affiliated casino outside the United States. Once transferred, the receiving casino can issue credit in the appropriate amount to whoever controls the account—frequently the source of the drug shipment.
- Casinos have the additional ability to create the appearance of legitimacy for drug proceeds by declaring them as gambling winnings subject to normal taxation.

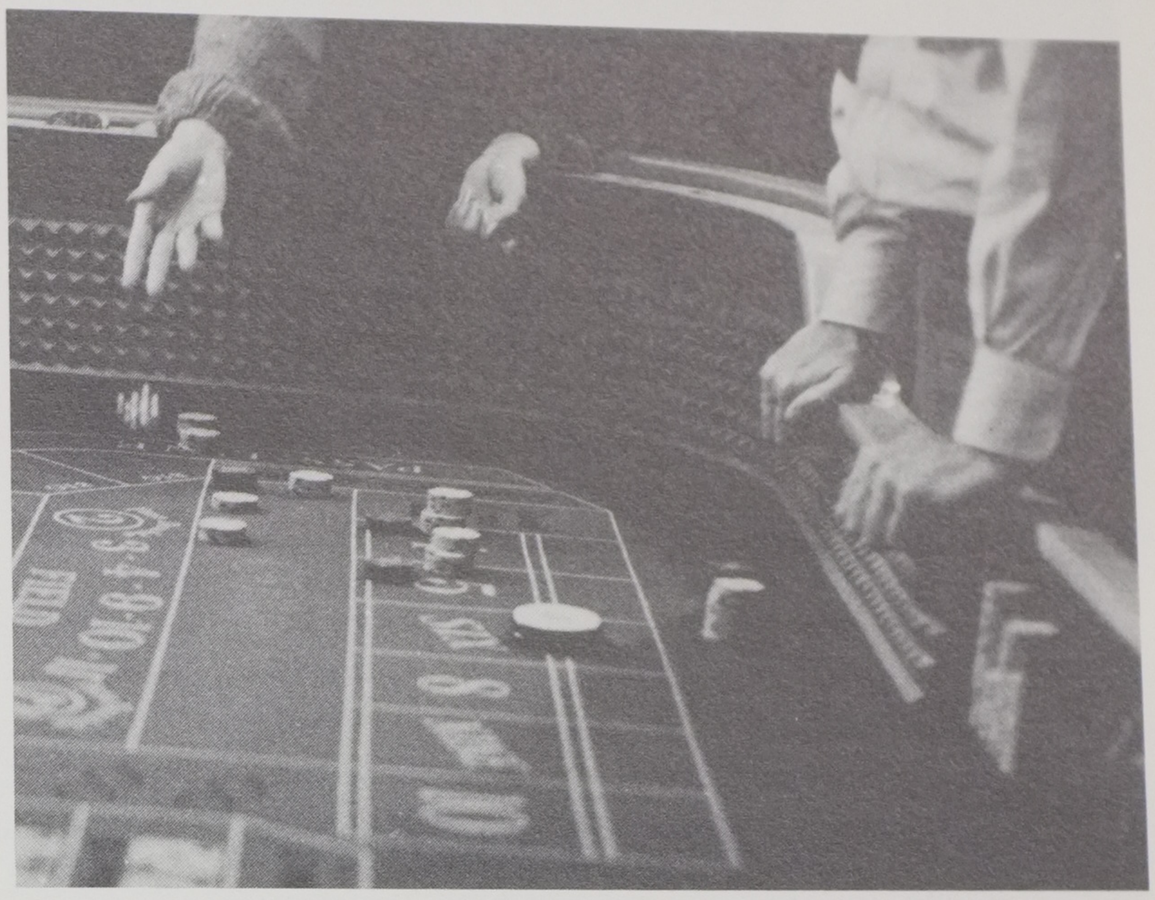
Many drug traffickers utilize their illegally acquired proceeds to gamble at casinos in both Atlantic City and Las Vegas. This activity should not be confused with the laundering of illicit drug money, although the two may well be related. For example, Jamiel Chagra, a major drug trafficker from San Antonio who was convicted in 1979 under the Continuing Criminal Enterprise statute and who was later implicated in the murder of Federal Judge John Wood, Jr., was an inveterate gambler who once paid off a $900,000 gambling debt in cash. Chagra had earned an estimated $35–50 million from his marijuana trafficking and was reportedly considering the purchase of a Las Vegas casino to launder proceeds from his drug operations. Although most of Chagra's involvement with casinos was for gambling rather than laundering purposes, the reporting of his cash transactions at casinos would have been extremely helpful to law enforcement in the investigation of Chagra's illegally acquired assets.

The increased use of gambling casinos to launder drug money is probably due, in large part, to the vigorous enforcement of the Bank Secrecy Act over the past three years. This Act requires financial institutions (banks, savings and loans, currency exchangers, brokers, and credit unions) to report all cash transactions in excess of $10,000 to the Treasury Department and to maintain various records for specific periods of time. The filing by financial institutions of Currency Transaction Reports on cash transactions exceeding $10,000 has increased by over 400 percent during the past five years. This compliance has caused many drug money launderers to turn to facilities offered by the casino industry to conduct their illicit money laundering activity.

The casino industry is by its very nature a cash-intensive business. People pay money to take a chance to win more money. The industry is unique in that currency is its product. Casinos perform many services similar to those offered by banks. They cash personal checks, money orders and travelers checks; exchange currency, issue cashiers checks, extend credit, and provide safe deposit boxes. The amount of money flowing through most casinos frequently exceeds that of many branch banks.

Casinos presently are not designated as "financial institutions" under the Currency and Foreign Transactions Reporting Act of 1970 (Title 31, U.S.C. 5311–5322 et seq.), usually referred to as the Bank Secrecy Act. As a result, casinos can exchange and move drug traffickers' proceeds, while offering complete anonymity. Additionally, casino gambling provides a ready-made explanation for the acquisition of large sums of ostensibly legitimate money.

We are only beginning to understand the extent to which casinos are used for the various aspects of the illicit money-laundering process. The fact that casinos are not covered by the reporting and recordkeeping requirements of

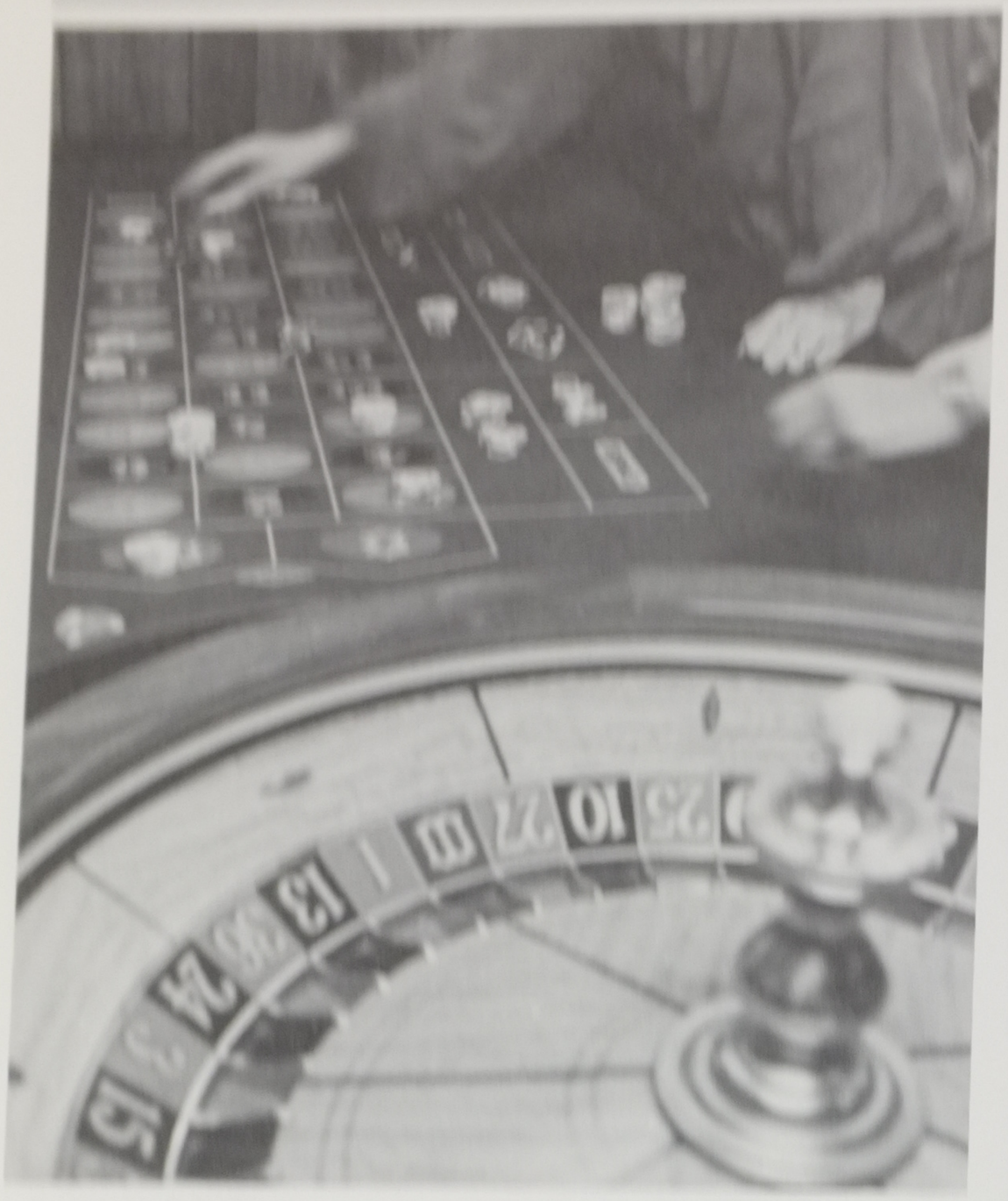


the Bank Secrecy Act hinders the documentation of this activity. Most money launderers do not announce their criminal intent to the casino and they actively seek the status of a "high roller," expecting to be treated as such. The problem then becomes one of detection.

The estimated gross revenue for gambling casinos in Clark County, Nevada, for 1983 was approximately $1.85 billion. Atlantic City's nine casinos grossed $1.77 billion in 1983, and the estimated gross for 1984 is expected to exceed $2 billion. An investigation conducted by New Jersey authorities revealed that $28.2 million was deposited directly by patrons with the casino cages in Atlantic City in June 1983. During that month 356 individuals made cash deposits in excess of $10,000. Of the 356 individuals, 55 had serious criminal records for drugs, extortion, bookmaking, etc. In September 1983, over $43 million (an increase of 52 percent over June figures) was deposited with the casino cages in Atlantic City, with 460 individuals making deposits in excess of $10,000. This cash volume, coupled with the fact that casinos, under current New Jersey gaming law, are not required to verify identification of cash depositors, further hinders the documentation of the illicit money launderer.

To close this loophole, the Treasury Department is considering the issuance of a regulation which would designate casinos as "financial institutions" under the Bank Secrecy Act. There is authority for such regulatory options under Title 31.

DEA's interest in the use of casinos to launder and transfer illicit drug proceeds lies in its mandate to enforce the Controlled Substances Act (Title 21, U.S.C. 801 et seq.). Casinos, or for that matter financial institutions, may or may not violate the Bank Secrecy Act when handling drug proceeds. For example, a violation of the Bank Secrecy Act



"... then we can drive them into the open, dry up their profits, drive them out of business, and right into prison."

does not occur when drug-related currency transactions are made in amounts less than those which require reporting, when currency transactions are actually reported, or when money in any amount is wire transferred. However, the laundering of any drug proceeds through casinos or financial institutions may constitute evidence of conspiracy under the Controlled Substances Act (21 U.S.C. 846). Additionally, the documentation of these proceeds may well constitute proof to satisfy the "substantial profit" element required in a Continuing Criminal Enterprise prosecution under 21 U.S.C. 848. In this regard, the designation of casinos as financial institutions under the Bank Secrecy Act and the resulting reporting requirements would substantially assist DEA in its investigations of the laundering of illicit drug money.

In conjunction with the Treasury Department's proposal to designate casinos as "financial institutions" under the Bank Secrecy Act, Congressman William J. Hughes, Chairman of the House Subcommittee on Crime, held a hearing in Atlantic City on February 10, 1984, on "The Use of Casinos to Launder the Proceeds of Organized Crime and Drug Trafficking." Witnesses from New Jersey as well as representatives from the departments of Justice and Treasury were unanimous in their agreement on the magnitude of the problem and support for Treasury's proposal.

New Jersey Attorney General Irwin I. Kimmelman testified as follows at this hearing: "The initial question that I am sure all of you wish to ask is whether money laundering is a problem in Atlantic Casinos. The unqualified answer to that question is yes."

In his testimony, DEA's Deputy Assistant Administrator for Intelligence, Gary D. Liming, underscored the need to close the laundering loophole afforded by casinos:

"Given the extent of the crime problem in this country and the proven impact of the law, it makes little sense to wage a full-scale national attack on the many aspects of drug trafficking and organized crime while at the same time ignoring an important and easily correctable flaw in the system. We recognize that money laundering is very similar to smuggling of contraband in that there are not just one or two ways to do it. As with smuggling, the only limitations are the limitations of an individual's ingenuity. Nevertheless, we need to close all possible loopholes, especially those which we can document as facilitating the drug traffic. In this regard, the designation of casinos as financial institutions under the Bank Secrecy Act would provide law enforcement with another essential weapon for its fight against drug trafficking and organized crime."

The examples of the use of casinos to launder illicit drug money should not be considered an indictment of the legitimate gambling industry. While some examples of complicity on the part of casino owners and managers do exist, these individuals represent a small percentage of the total industry. In general, gambling casinos operate lawfully and are an important source of revenue at all levels of government. In addition, they contribute considerable business to local economies and have been largely responsible for the revitalization of Atlantic City.

Nevertheless, examples of the varying degrees to which casinos are involved in laundering activity point out the need for the type of regulation currently being proposed. In order to wage a successful battle against illicit drug money launderers, we must strike at those places where the greatest vulnerability exists—those places where the drug money leaves the hands of the traffickers or launderers. It makes little difference whether we are talking about the placement of drug proceeds on a Lear jet bound for some offshore tax haven or the depositing of such currency into banks or casinos. Once it leaves the country or is commingled with the huge volume of licit funds routinely handled by financial institutions, the ability of law enforcement to identify and seize those proceeds becomes far more difficult and frequently impossible.

At the Atlantic City hearing on casino money laundering conducted by the House Subcommittee on Crime, Congressman Hughes in his opening statement summarized the issue quite succinctly:

"The key to fighting major criminal figures is by a substantial and comprehensive economic attack upon their resources. Where we cripple their ability to move their money around, where we identify where and how they hide their money, then we can drive them into the open, dry up their profits, drive them out of business, and right into prison."

Is the French Connection Really Dead?

by **John Bacon**

For those who saw the movie "The French Connection," one of the more memorable characters was Popeye Doyle's nemesis, the tall, elegant Frenchman. In a classic scene he and his companion lingered over a gourmet's meal while the surveilling detectives stood outside freezing and gobbling a cardboard pizza. The Frenchman also brilliantly outwitted his followers in the New York subway; as his train pulled out leaving them stranded helplessly on the platform, he gallantly saluted them.

Those were two true incidents in a generally fanciful movie. The character, whose true name is Jean Jehan, was in real life as he was portrayed in the movie, elegant in dress and courtly in behavior. He was also a highly successful heroin trafficker. He was a receiver, the first and most successful of a handful of people who carried out a demanding specialty. The job of the receiver was to coordinate the extremely delicate and dangerous turnover of a shipment of a hundred to two hundred pounds of pure heroin from the smuggling organization to the American customer.

Jehan did that, except for a respite during World War II, from 1937, when he fled France on a murder charge, to 1962, when he fled the United States after the French Connection case went down. He was so successful during his quarter century as a receiver that although he handled most of the heroin coming to the United States from France, he never lost a shipment until the last—the heroin seized in the French Connection case. What is more, he managed to avoid the attention of law enforcement officials. In 1953 an informant of the Federal Bureau of Narcotics had reported that Jehan, who was living in Montreal, directed a group that smuggled heroin from Le Havre to New York through Canada. The Canadian Mounties had in their files a 1959 report saying that a Montreal night club, partly owned by Jehan, was "of bad reputation." Neither of these reports was strong enough to provoke police action, but they were all that Canadian and American officials knew of Jehan before the French Connection case.

Jehan was later arrested in France, held briefly, and released. In 1977 he was seen sipping wine on the terrace of a cafe in Nice.

The French Connection—the elements of the French criminal underworld who were the major suppliers of heroin to American addicts—flourished from the 1930's, and most luxuriantly from the late 1940's, until 1973, when a concentrated international law enforcement effort wrecked it. The slack in supply has since been taken up by Mexican, Southeast Asian, and most recently Southwest Asian sources.

In its heyday the French Connection was characterized by: (1) French—and especially Corsican—domination of heroin trafficking, including control of smuggling mechanisms and a monopoly of heroin laboratories; and (2) a working relationship with Italian criminals that guaranteed the American market to the French. This latter presupposes a close understanding between the highest level of the Italian criminal underworld in Italy and its counterpart in the United States. The agreement, which can only be inferred, was apparently to the effect that if the French sold only to Italians in America, the Italians in Europe would stay out of the traffic.

Although the French Connection was wrecked in 1973, the question frequently arises whether it is really dead. Remnants survived, and a base

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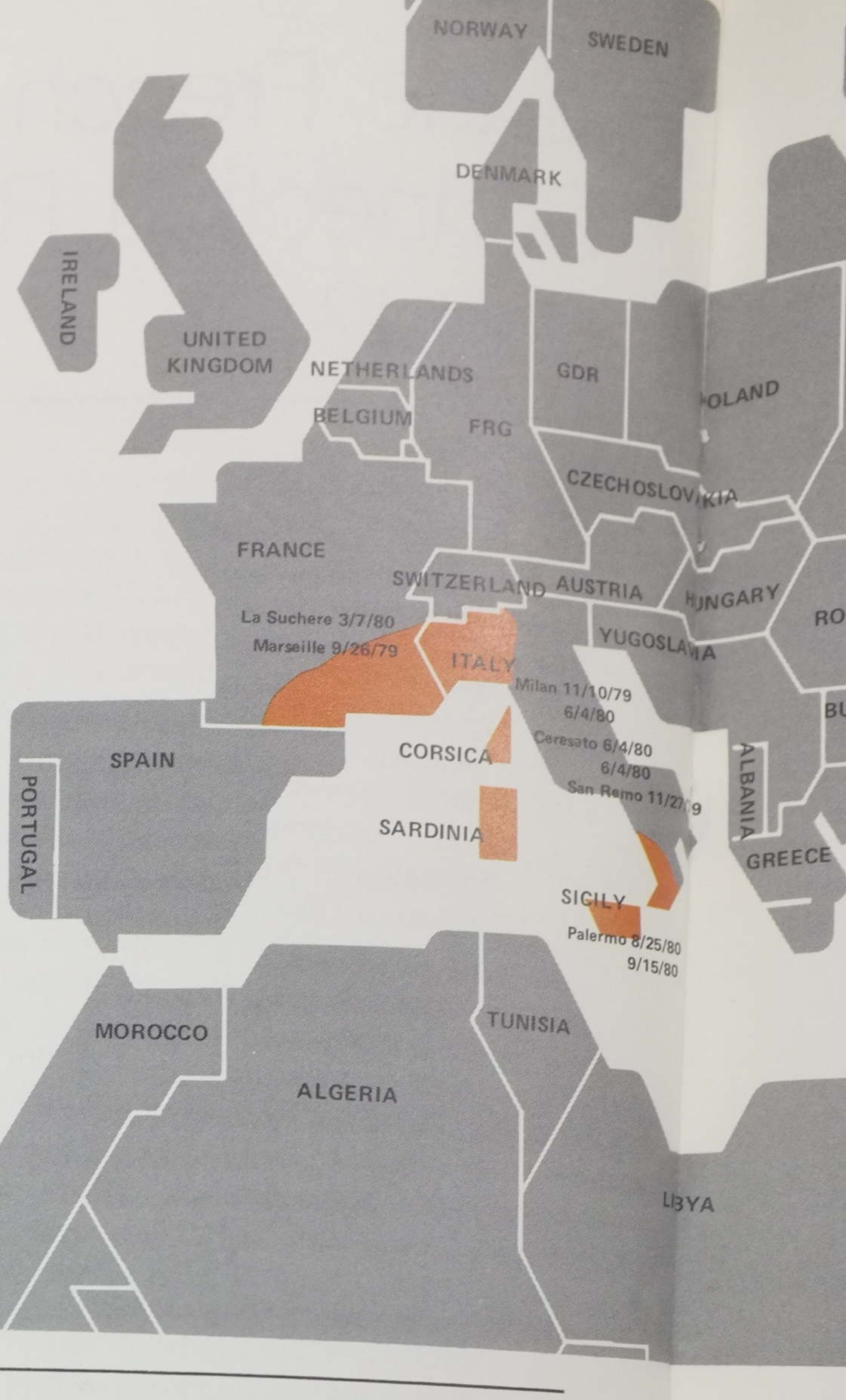
Mr. Bacon, a Section Chief in the Office of Intelligence, joined DEA's predecessor organization, the Bureau of Narcotics and Dangerous Drugs, in 1971. Previously he served in the Central Intelligence Agency.

Heroin Laboratory Activity and Laboratory Seizures 1979-1980



of experienced personnel with all the necessary financial backing and connections remained. It is quite obvious that French criminals could reenter the heroin market if they were determined to do so. Warning signals would be increasing contacts between French and Italian criminals and the existence of heroin laboratories in France or elsewhere run by Frenchmen. By the end of last year some of these early warnings had already been received. Heroin laboratories had been found in France in February 1978, and in September 1979. Two months later a French chemist was arrested at a clandestine heroin laboratory at San Remo, Italy.

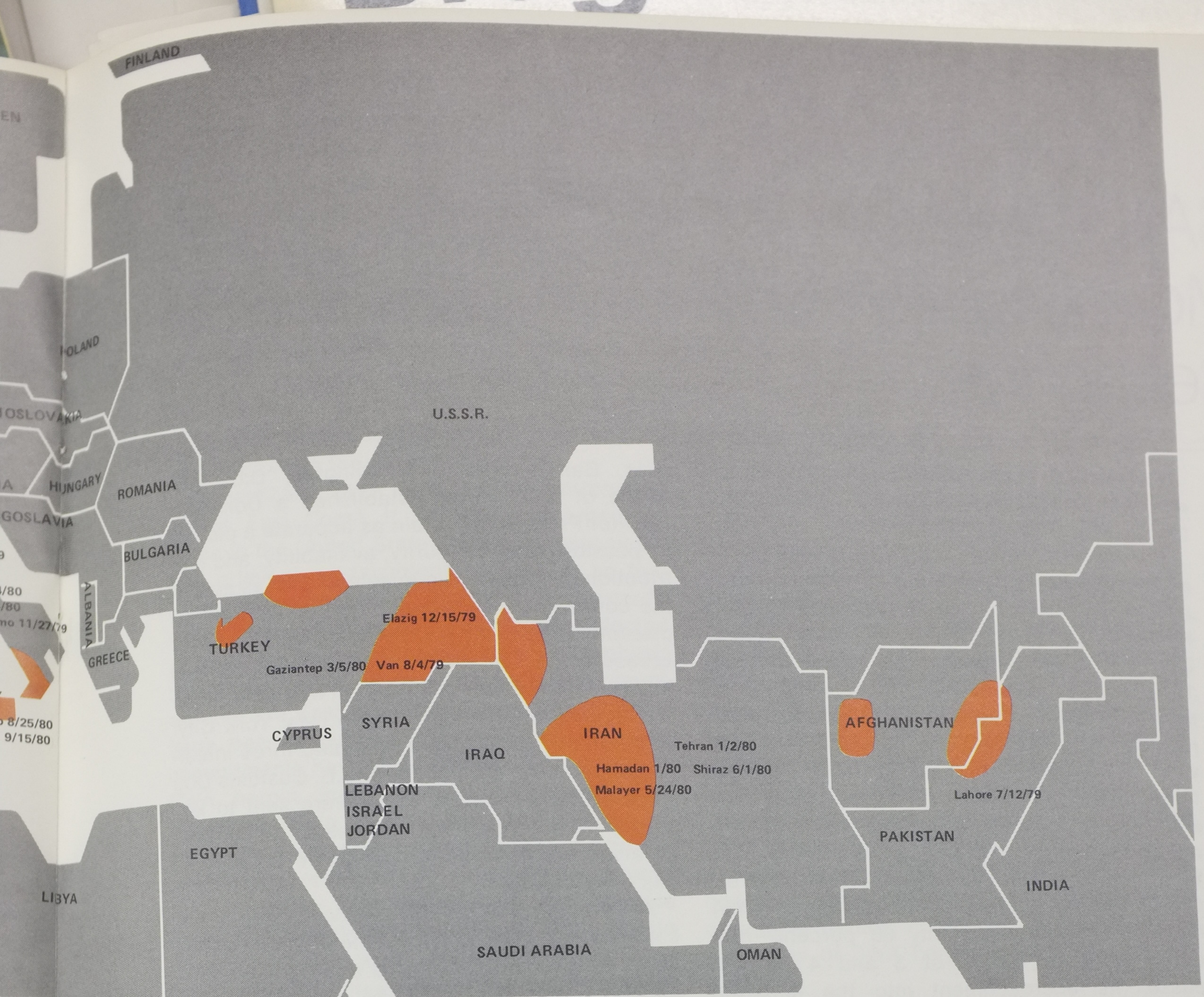
In March 1980 another small lab was seized outside Marseille. Followup investigation led to a familiar trail. Among those who were in contact with the people managing the Marseille laboratory was none other than Jean Jehan. The connection, although only by association, of the lab to a person of the stature of Jehan was so electrifying that it became the topic of discussion at a conference of top French, Canadian, and American drug law enforcement officials in May.

Meanwhile, there had been another development. Italian and American agents, working together, had developed information that put them on the trail of yet another heroin laboratory. The activities of the backers of the laboratory were somewhat amateurish, but there was no question that this was a large-scale, big-time effort. And once again a familiar name emerged. Circumstantial evidence led investigators to believe that the probable recipient of the heroin of this laboratory was also Jean Jehan.

The trail led the Italian authorities to a castle near Milan. Shortly after dawn on June 4, forty Italian officers assaulted the castle, a medieval fortress guarded by four towers and containing hundreds of rooms. The assault was successful, and bloodless, and resulted in the seizure of an operating heroin laboratory and four French chemists. Another lab was seized in a villa on the castle's estate. A third laboratory, belonging to the same group, was seized in Milan. In all there were seized 3 kilograms of finished heroin, 15 kilograms of heroin still precipitating, and more than 70 kilograms of morphine base (the opium product from which heroin is processed at a ratio of about one to one). Following the raids at Milan, the French police arrested Jean Jehan at Marseille.

Narcotics agents, being the old war-horses that they are, tend to rear up in excitement at the hint of a scent of the French Connection enemy. But as the French say, "One swallow does not make a summer." Even such a big swallow as Jean Jehan.

So one must ask if there are other swallows. Another warning signal would be morphine



base shipments to France. There have been numerous seizures of morphine base in Europe over recent months, suggesting the probability of as yet undiscovered laboratories. So strong has been the demand for morphine base in Turkey that in a recent three-month period the price doubled. As an echo from the past, quantities of morphine base have been seized along the old French Connection route of Istanbul-Munich-Marseille.

One can find other straws in the wind. Quantities of heroin from Southeast Asia have been intercepted en route to France. Numbers of Frenchmen, many formerly associated with the French Connection, have been involved in the cocaine traffic in Europe, thus keeping their hands in narcotics trafficking.

But in the final analysis, all of this doesn't add up to anything. There is no evidence that the French Connection has in fact been resurrected. Although there is considerable evidence of signs of life, it would be difficult, probably impossible, for the French to recreate the special circumstances that gave rise to their domination of the heroin trade in the 1950's and 1960's.

Is the French Connection really dead? No, it is not dead. It was injured badly, but not mortally. It has the strength to come back, but so far it has not manifested the will. Should the top echelon of the French criminal underworld, however, decide to reenter the market, they will do so. But it will not be the old French Connection. It will in all probability be the Franco-Italian Connection, at least for a while. If that happens, you can be sure that Jean Jehan, in spite of his eighty-two years and in spite of the current unpleasantness of his arrest, will be in the thick of it. On September 30, 1980, he was released from Baumettes prison in Marseille for reasons of ill health. ■

Southwest Asian Heroin: Pakistan, Afghanistan, and Iran

John P. Lyle
Bureau of International Narcotics Matters
Department of State

Three countries of Southwest Asia—Pakistan, Afghanistan, and Iran—have emerged as the largest producers of illicit opium in the world. For the 1978-79 crop year, according to U.S. estimates, between 1,200 and 1,600 metric tons of opium were produced in the area known as the Golden Crescent. Much of this crop was either consumed or stored in the countries themselves. But if all this opium had been refined into heroin, 120 to 160 metric tons of heroin would have been available to the illicit world market. Since U.S. consumption of heroin is in the range of 3 metric tons, it is clear that the enormous Southwest Asian opium supply confronts this country with the danger of another heroin epidemic, perhaps of the magnitude that we suffered in the late sixties and early seventies. How did this dangerous situation come about? And what can we do about it? This article responds to these two questions.

Opium poppies have been grown for centuries in the countries of Southwest Asia. The Pushtuns (also known as Pathans), a fiercely independent tribal people living along the border between Afghanistan and Pakistan, produce great quantities of opium gum. The Kurds and several other ethnic groups in Iran are also traditional opium producers. Addiction among the Pushtun tribal peoples themselves is not generally severe, although there are pockets of high abuse. The gum has traditionally been sold to merchants in the small border towns of the Khyber Pass region. These merchants store the opium gum until they can sell it to traffickers who move it by many routes to markets outside Pakistan and Afghanistan.

While Iran was ruled by the Shah, the countries of Southwest Asia formed an opium system with little impact on the West. This was because much of the opium produced in the border regions of Pakistan and Afghanistan was smuggled to Iran to serve that country's enormous addict population—upwards of one million addicts. There the opium was eaten or smoked by older, rural dwellers, although with Iranian modernization came an increasing number of heroin abusers among the urban middle classes. In 1955 the Shah imposed a ban on domestic opium production in an attempt to control drug abuse. He later permitted some licit production to meet the requirements of registered addicts.

As the Shah's hold on Iran weakened, and law and order in the countryside broke down, farmers began to ignore the ban on opium cultivation in Iran. Iran, which before the downfall of the Shah had long been a "sponge" for Afghan and Pakistani opium, now began to produce larger and larger quantities of opium for its own use as well as for illicit export. Political chaos in Iran made trafficking easier. Quite suddenly, Iran became a contributor to the opiate flood. There was more than enough opium produced in the Golden Crescent to supply European and North American markets. Most Afghan and Pakistani opiates continued to be smuggled westward through Iran. Turkey also increased in importance as a transit country.

By late 1979, the news magazines of Germany were full of stories on the "Heroin Epidemic." All the significant indicators—hospital admissions, addiction-related crime, and, particularly, overdose deaths—were soaring.

Turkish traffickers, using the large population of Turkish guest workers in Germany as their cover, flooded first Germany, then the rest of Europe, with cheap Southwest Asian heroin. The potency of some of this heroin reached levels unknown in the United States. Some samples tested out at more than 90 percent pure heroin hydrochloride.

As the evidence of a heroin epidemic in Europe mounted, it became clear to concerned U.S. officials that the U.S. illicit narcotics market would be next on the list. The Department of State's Bureau of International Narcotics Matters, the Drug Enforcement Administration, the U.S. Customs Service, the White House's Domestic Policy Staff, and other agencies have worked together to develop a strategy to deal with Southwest Asian heroin. In October 1979, the Department of State convened a meeting at Berlin to discuss the problem. This session was attended by Department of State narcotics coordinators and DEA country attaches from our embassies in Europe and Southwest Asia. Early in 1980, DEA formed a special task force on Southwest Asian heroin and the White House established a special interagency working group to assess the problem and work on corrective action.

The U.S. Government began to speak out on the Southwest Asian opium problem at the various international forums where drug policy is discussed. The Assistant Secretary of State for International Narcotics Matters, Ms. Mathea Falco, highlighted the problem in Congressional testimony and during visits to affected foreign countries.

High-level attention must precede any effective mobilization of government resources to solve a problem. To encourage more attention to the problem, Deputy Secretary of State Warren Christopher in June 1979 launched a narcotics initiative in the Organization of Economic Cooperation and Development (OECD) and Secretary of State Vance raised U.S. concerns at the

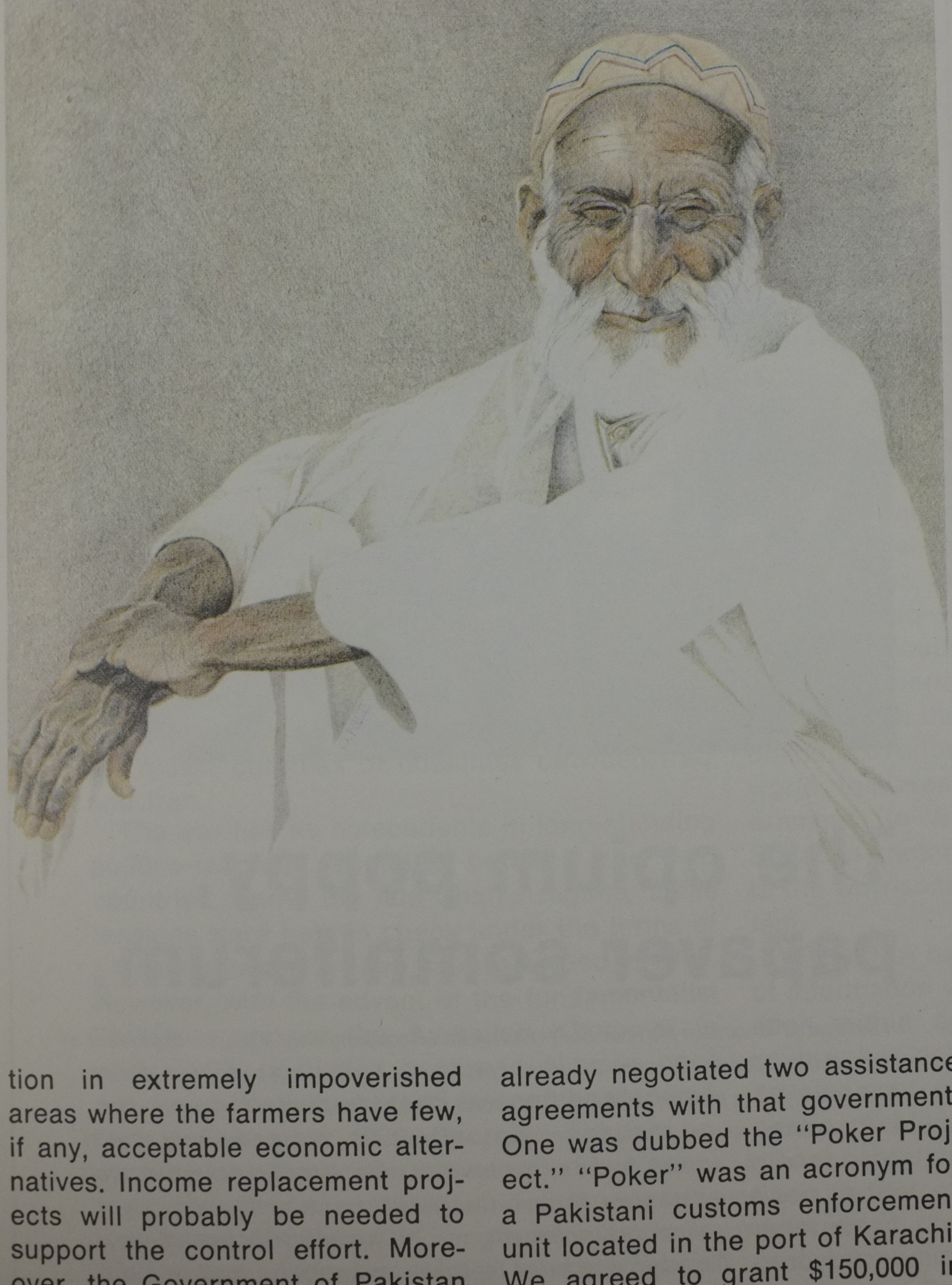
Among the traditional opium producers in Iran are the Pushtuns (Pathans) and the Kurds.

NATO Ministerial meeting in December 1979. Although there was initially some resistance to discussing narcotics issues in these organizations, the results were that European governmental awareness of international narcotics control efforts was greatly increased and a basis for ongoing discussion and cooperation was established.

In addition to working with victim countries on the growing heroin problem, the next step was to explore solutions, such as narcotic crop eradication, with the producer countries. Here the political options were few. With the illegal seizure of the U.S. Embassy in Iran on November 4, 1979, all possibility of a constructive dialogue with Iran on narcotics issues ceased. The Soviet invasion of Afghanistan the following month also foreclosed close cooperation with that country. Only Pakistan remained as a possible area for diplomatic endeavors in the narcotics control field.

Pakistan is a very poor country, among the poorest in the world. Its struggle for development in the face of an enormous bill for imported oil and high defense expenditures leaves only limited resources available for narcotics-related projects. Nevertheless, Pakistani leaders were aware of the enormous impact in other countries of the opium produced within Pakistan borders as well as of domestic problems that opium trade and addiction produced. As its first response to the problem, the Government of Pakistan issued an order banning cultivation and use of opium. While enforcement problems are enormously complicated by the tribal structure of the society in the growing regions, the order was very successful during its first year. In one year production fell from an estimated 650 metric tons in 1979 to less than 100 metric tons in 1980.

Although the Pakistani Government ban cut production of opium sharply, U.S. assistance to Pakistan was necessary to help assure that anti-narcotics laws could be effectively maintained in the future. The initial phase of the crop eradication operation was the easiest. What remains presents a tougher challenge. The Pakistani authorities must now deal with illicit produc-



tion in extremely impoverished areas where the farmers have few, if any, acceptable economic alternatives. Income replacement projects will probably be needed to support the control effort. Moreover, the Government of Pakistan must continue to enforce its ban if it is to remain effective.

In order to begin to support Pakistani control efforts, we have already negotiated two assistance agreements with that government. One was dubbed the "Poker Project." "Poker" was an acronym for a Pakistani customs enforcement unit located in the port of Karachi. We agreed to grant $150,000 in vehicles and communication gear to this unit, so that it could work more efficiently. In future years, it is quite possible that additional assistance will be allocated to this unit, if results justify the expenditure. We are also upgrading the enforcement capability of Pakistani narcotics enforcement organizations through special training programs in Pakistan. Officers of the Drug Enforcement Administration and the U.S. Customs Service plan and conduct this training, the costs of which are covered by Department of State narcotics assistance funds. Additional projects under discussion include enforcement assistance and treatment and rehabilitation work with Pakistan's own addict population. The Department is also considering crop and income substitution projects in which an attempt would be made to identify alternative crops to opium or alternative means of earning an income.

In the days of the "French Connection," Turkey was a major producer of opium for the illicit narcotics market. Now, as a sign of its responsible concern for the international community, Turkey produces only licit opium for the medicinal and scientific markets, using a well-policed process which precludes diversion to the illicit market. Nevertheless, as noted above, Turkish criminal elements continue to play an important role in the refining and trafficking of heroin produced from imported opiates. To assist the Government of Turkey's already vigorous and effective narcotics law enforcement effort, the U.S. Embassy recently initialed a Protocol on

Narcotics Cooperation with the Ministry of Foreign Affairs of the Government of Turkey. This Protocol is designed to offer flexible and speedy commodity and training assistance to Turkish law enforcement officials. It will come into force upon approval by the Turkish Council of Ministers.

Although the Pakistani Government has stated its readiness to continue its ban against opium production during the coming crop year, the control effort may be more difficult than last season's. For example, dwindling stocks of surplus opium in tribal markets could elevate the price for new opium and thereby make cheating against the ban more attractive. The continuation of the Afghan resistance struggle against Soviet forces could result in lowered production in regions where fighting is intense but uncontrolled production in other regions. The ability of the Iranian regime to control opium production or addiction in their country is not yet clear. Although we are engaged in major diplomatic efforts, and attempting to enhance enforcement capabilities in the countries involved, the reality is that we can only hope for gradual progress at this time. The complex and difficult problem of Southwest Asian opium is not subject to any "quick fix" solutions. It will only succumb to a patient, long-term effort on the part of many countries working together. ■

The opium poppy, papaver somniferum,

is cultivated in various parts of Southwest Asia. Requiring only a moderate amount of water during its growth cycle, the plant does best in a warm, not too humid climate. Customarily, it is planted in the fall. It grows three to four feet tall on a thin stalk and produces several blossoms and egg-sized seedpods. About two weeks after its blossoms fall, the pods are lanced by hand and the white, latex-like raw opium oozes out and coagulates into a gum. This gum is collected by scraping the pods. Usually, the gum is allowed to harden, after which it is powdered or molded into bricklike forms. The principal incentive for opium production is a relatively high return per unit of land; the principal constraint is that the operation is labor intensive, especially at harvest time. Most of the arable land in the region is used for producing food crops.

Impact of the Iraqi-Iranian Conflict

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Before the Southwest Asian heroin problem was exported internationally, it was an acute regional problem. The opium addict population, located principally in Iran, emerged as an exploitable market for opium from Turkey, prior to the 1972 poppy ban, as well as from Afghanistan and Pakistan. The Iranian opium market provided the initial impetus for traffickers to become involved in morphine and heroin production. As these commodities became increasingly valuable on opiate markets in Europe and the United States, the area became not only a principal international source of supply for heroin but also a significant transit area for raw or intermediate commodities enroute to regional processing and trafficking centers outside of Southwest Asia. While Iraq has been a secondary transit area in the larger context, it is in the light of the region's strategic importance as a source of supply of opiates to international markets that we examine the impact of the recent outbreak of hostilities between Iraq and Iran.

The war has its antecedents in long-standing politico-religious enmities between the two countries. Under the late Shah's regime, these tensions were held in check under the terms of a treaty between the two nations signed in 1975. However, with the advent of the fundamentalist Shi'ite regime of the Ayatollah Khomeini in early 1979, hostilities began to simmer once again and finally burst forth in open border warfare in December 1979. Sporadic fighting occurred along the border between the two countries during most of 1980, amid a propaganda war based largely on inciting each other's religious and political minorities to rebel against their respective national governments. The escalating rhetoric, as well as the increasingly strained relations between the two countries, helped set the stage for the recent outbreak of hostilities. Other factors, of course, are involved in this war: the struggle for increased access to the waters of the Persian Gulf; longtime ethnic and territorial disputes; ambitions for regional politico-military hegemony; enhanced international prestige for the victorious political system—these are among the most outstanding.

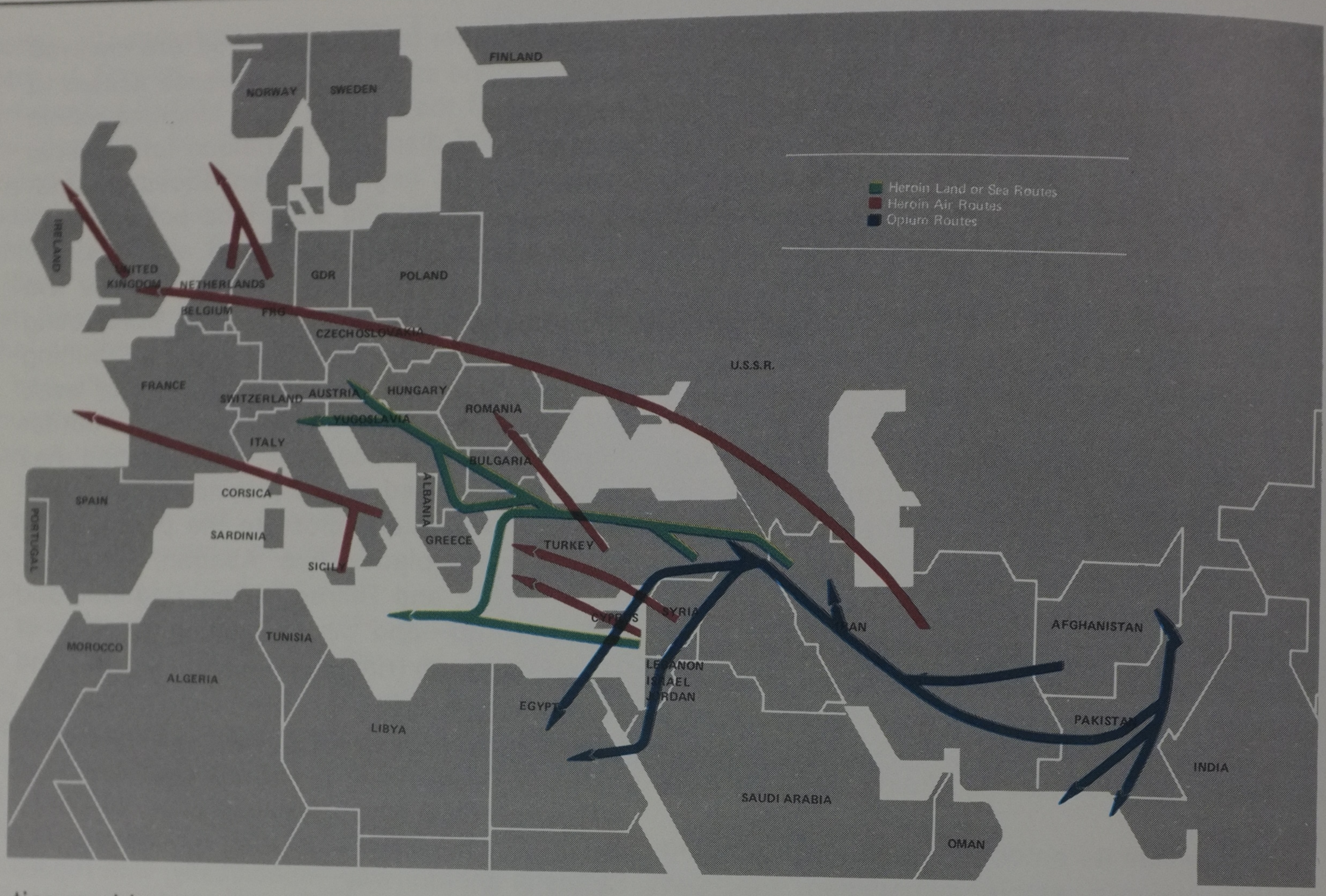
The principal combat zones of the war are located within a rough triangle, connecting Tehran in the east with the Iraqi oil-refining facilities to the north of Baghdad in the west, and the Persian Gulf in the south at the border between the two countries. The fighting has been concentrated in the principal urban centers, both within and close to the perimeter of this triangle—places like Abadan, Khorramshahr, Ahvaz, and Tehran in Iran, Baghdad and Basra in Iraq—and the oil-refining facilities of Iran in the south (rimming the Persian Gulf) and Iraq in the north (on the upper Tigris River).

Although the current warfare has potentially ominous overtones for many nations around the world, this area is of particular interest to governments in Western Europe and the United States in another way—specifically, with regard to the worrisome Southwest Asian heroin problem.

While DEA has monitored a variety of sources of information with regard to the narcotics situation within and emanating from Iraq, that country has not played a significant role in the development of the current Southwest Asian heroin problem. Iraq's role in the overall regional narcotics situation has been largely confined to that of a passive transit area for undetermined quantities of opium and cannabis products coming from and going to neighboring countries of Southwest Asia and the Near East.

Iran, on the other hand, has had for many years a significant licit (lately illicit) opium production capability, a significant opiate addic-

Major Heroin and Opium Routes

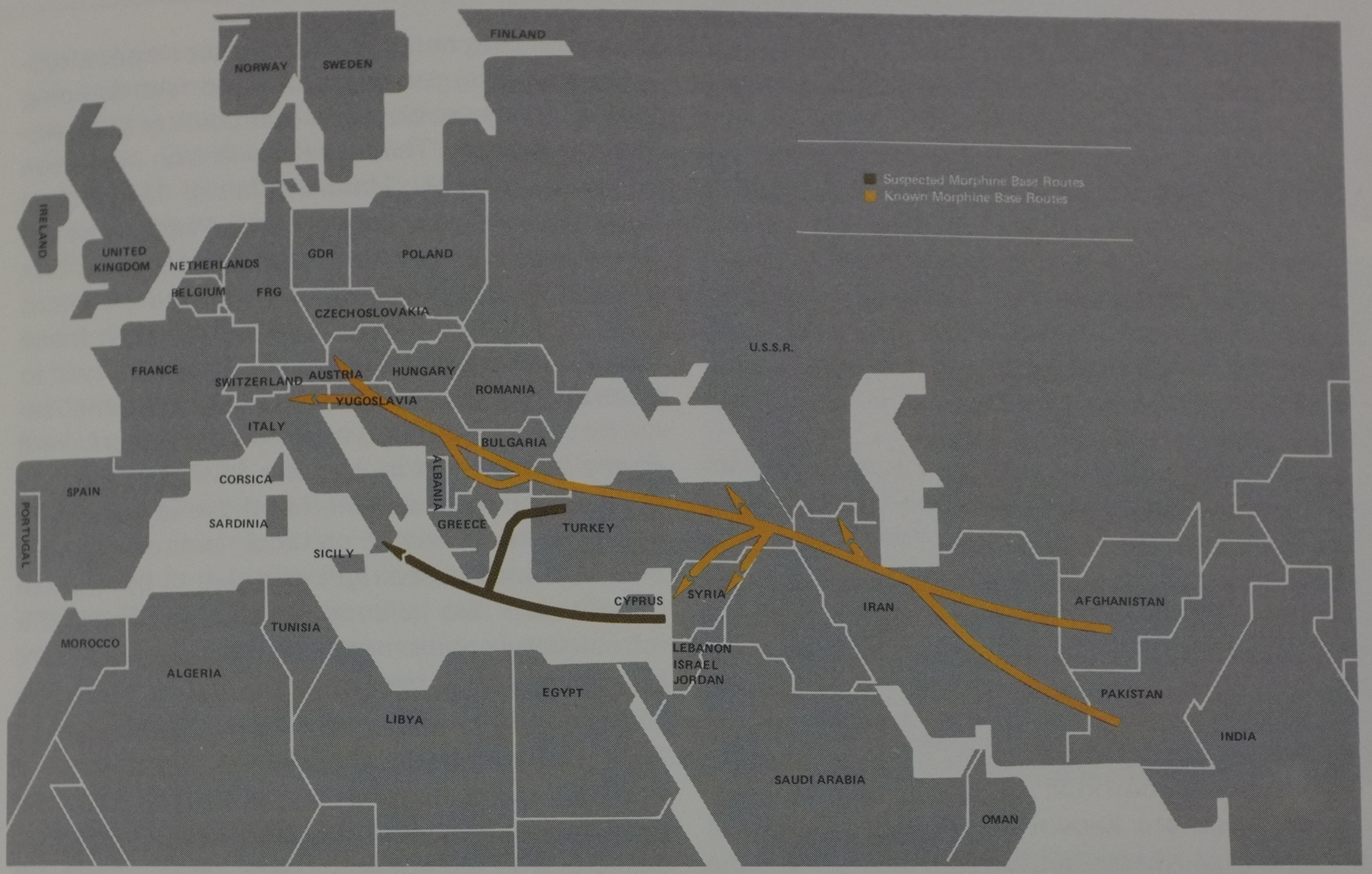


tion problem, and an increasingly troublesome international morphine base and heroin production and trafficking capacity. Despite the establishment of the fundamentalist Islamic republic of the Ayatollah Khomeini, these problems have been gradually worsening, according to knowledgeable sources. Although the U.S. Government lacks an in-country reporting presence, various other sources of information provide coverage of the many opiate-related problems which continue to confront the regime.

Southwest Asia as a region —Pakistan, Iran and Afghanistan—is reported to have produced as much as 1,600 metric tons of opium during the 1978-1979 opium crop year, approximately twice as much opium as the region normally produces during an average year, according to DEA information. The raw opium from sources in Pakistan and Afghanistan (at least up until the Soviet invasion of December 1979) moved via various smuggling routes west into Iran, principally for consumption by its large opiate addict population. A significant amount of this opium, however, as well as a portion of that which is produced in Iran, also transited the country enroute to clandestine morphine base and heroin processing facilities in northwest Iran (Kordestan and Azerbaijan Provinces) and eastern Turkey.

The bulk of the opium in transit from these sources moved over one of two traditional routes: via the northern or southern smuggling

Major Morphine Base Routes



routes. The northern route generally skirts the northern border areas of Iran, along the Caspian Sea coast west to the Tabriz-Rezayieh areas for staging and onward movement into Turkey. The southern route follows the major overland vehicle and train routes from the tri-border area of southeastern Iran through to Tehran, where it links up with the northern route for onward movement into northwestern Iran. A secondary opiate smuggling corridor is located between Hamadan in western Iran and Rezayieh in the northwest, linking some of Iran's illicit opium poppy plantations and processing facilities in the southwest with market and staging areas in the northwest.

In addition to its role as a transit and source country for opium, Iran also has a significant morphine base and heroin production capability. Morphine base and heroin are produced in many of Iran's major urban areas, like the eastern border towns of Zahedan and Mashhad, as well as in Tehran. But the principal locations for this clandestine production activity are in the west and northwest of Iran, in the provincial areas of Lorestan, Hamadan, Kordestan and the Azerbaijanis. While much of its domestic heroin production is consumed by an increasing national addict population, smaller but significant quantities of high-quality smoking and injectable heroin are also available internationally.

With regard to other problems in the region, it is interesting to note that ethnic minorities in

Iran, Iraq, and Turkey play a significant role in the regional opiate production, smuggling, and trafficking situations. Opium smuggling operations between Afghanistan, Pakistan, and Iran (particularly in the south) are conducted by nomadic Baluchi tribesmen; opium poppy cultivation and clandestine opiate laboratory operations in western Iran are conducted by ethnic Kurds and Azerbaijanis; likewise, smuggling and trafficking of opiates between Iran and Turkey are conducted by Kurds and Azerbaijanis.

The Kurds also occupy territory in northeastern Iraq and have been a continuing source of internal agitation to the governments in Baghdad and Tehran for many years. The unrest and turmoil throughout this area stems from a long-standing Kurdish commitment to the establishment of a separate homeland, Kurdistan, for themselves. Of greater interest to Iraq at this point, however, are the areas in the Dezful-Shiraz corridor of southwestern Iran. These areas are known to the Iranians as the provinces of Khuzestan, Boyer Ahmad, and the Fars; but to the Iraqis (themselves ethnic Arabs) these areas are known collectively as Arabistan, after the large ethnic Arab population in these areas. It is currently the scene of the most bitter fighting of the war. Political unrest was widespread throughout the region during the propaganda war the two belligerents waged against one another up until the present hostilities. Its capture by or secession to Iraq (doubtless one of Baghdad's aims) would knock out Iran's principal economic mainstay—its petroleum industry, which is centered there—and perhaps cause that country's collapse.

Finally, with regard to regional narcotics law enforcement, the situation has varied from country to country during the recent past. In particular, the narcotics law enforcement structure in Iraq is generally credited with keeping the narcotics problems in that country at a relatively low level. The situation in Iran has been different, however. Until the fall of 1978, Iran's narcotics laws were enforced by various police and paramilitary organizations under the late Shah's government. When national discord thereafter virtually paralyzed the country, these forces were diverted from their primary tasks to others involving the maintenance of internal security. When the Shah and his government were finally overthrown in January 1979, many of the officers and men who staffed these law enforcement units became political outcasts, often characterized as outright enemies of the Iranian people and the Islamic revolution. Thus, the infrastructure which held narcotics production, smuggling, and trafficking in check over the years throughout Iran collapsed.

In its place arose the Corps of Revolutionary Guards, an amorphous collection of self-proclaimed zealots and activists, whose principal claim to competence was based more on their ideological purity than on any professional training in law enforcement. This breakdown in effective law enforcement control is one of the principal factors which knowledgeable sources indicate contributed significantly to the staggering production, smuggling, and abuse problems appearing in Iran as early as mid-1979. These problems continue to show few signs of abating despite initiatives undertaken by the revolutionary regime on various fronts to effect some changes in the situation, including proposals for addict treatment programs, summary punishment for convicted traffickers, opium poppy cultivation bans, and plant eradication programs.

According to knowledgeable sources, the national mobilization of resources for the con-

duct of the current war has moved narcotics law enforcement efforts in Iran and Iraq out of the picture for the time being as governmental priorities. Doubtless, internal law enforcement programs in both countries continue to function, but probably at lower levels of priority and with an increased likelihood that traffickers may take advantage of the weakened enforcement situation—again.

Up to the time that hostilities broke out, various sources of information within and outside the U.S. Government were reporting on the continuing problems which national governments in Southwest Asia and the Near East—like Turkey—were having with narcotics production, smuggling and trafficking, both regionally and internationally. It is difficult at this time to describe the current situation or to forecast the direction which this problem will take in the future. However, based on an analysis of currently available information, some projections can be made.

Opium Production and Availability. Opium continues to be produced and is available in two of the region's three principal source countries, Iran and Pakistan. While opium production in Afghanistan cannot be entirely ruled out, the current insurgency in response to the Soviet invasion is certain to cause major disruptions in Afghan opium production. Likewise, as the principal combat zones between Iran and Iraq straddle some (but not all) of Iran's opium poppy cultivation areas in the southwest, there may be a disruption in cultivation and (ultimately) in availability of opium. This disruption is not expected to be as severe as that caused by the Soviet invasion of Afghanistan, however, and given expected increases in opium production in Pakistan for 1980-1981 may have a minimal impact.

Regional Addict Demand. The opium pro-

Estimated Supply of Heroin to the United States, 1975-1979

duction problem in Southwest Asia is related to a regional demand problem caused by widespread opium addiction. (An additional incentive is international demand for opium derivatives.) Difficult to measure under the best of circumstances, the size of the regional opium addiction problem, principally centered in Iran but also manifest in Pakistan, has become nearly impossible to gauge in terms other than gross superlatives. This is especially true in Iran, where a welter of national crises kept the country tottering on the brink of anarchy prior to the current belligerency. The principal combat zones in the south do not correspond to the areas where major addict populations are centered—generally, the urban areas of central and northern Iran. With other priorities monopolizing the Iranian government's attention and given a continuing addict demand, it is anticipated that current market conditions will continue to provide incentives to regional opiate producers, smugglers, and traffickers to cater to this demand.

Viability of Trafficking Systems. Despite the many disruptions caused by the wars in Afghanistan and between Iran and Iraq, the mechanisms responsible for smuggling opium and opiates from sources of supply to various regional and international marketplaces remain virtually intact. They will probably continue to operate with the efficiency they have displayed in the past. It is anticipated that the current distractions throughout the area will exacerbate already sporadic and weakened regional anti-narcotics law enforcement efforts against these systems.

International Availability of Opiates. Given the interaction of various regional factors cited above, as well as a similarly unsettled outlook for narcotics law enforcement in Turkey, it is anticipated that morphine base and heroin will continue to be available for processing and onward smuggling and trafficking to international heroin addict markets in Europe and the United States.

Internal chaos and a breakdown of regional and international law enforcement mechanisms contributed greatly to the initial development and expansion of the Southwest Asian heroin problem. There is little reason to believe the current turmoil will not create opportunities for traffickers to exploit as they have in the past. Thus, a continuing inability of national governments in Southwest Asia to resolve serious regional and international problems will ultimately have a bearing on the availability of Southwest Asian heroin for international addict markets. Without intra-regional cooperation we may anticipate further problems. ■

A Resumption of the Traffic in Lebanon

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Office of Intelligence

Lebanon's role in international drug trafficking has until recently been relatively minor. But there are increasing indications that Lebanon is becoming more active in trafficking narcotics to Western Europe, the United States and Canada—and, to a limited extent, in the production of heroin.

During the 1950's, and through the early 1960's, Lebanon was used as a transit area for crude opium moving from Turkey to France. A limited amount of morphine base was also being converted in Syria. From the mid-to-late 1960's through 1972, the importance of Lebanese and Syrian traffickers declined significantly as Turkish traffickers gained prominence in the production of opium and morphine base. Recent reports suggest a resurgence of narcotics trafficking and heroin production activity in Lebanon.

A contributing factor to illicit narcotics activity may be the political and civil disruption in Lebanon which has divided the population into warring factions, eroding the authority and effectiveness of the central government. Enforcement efforts by the government to curtail drug trafficking also have been hampered by the turbulent situation within the country. The government exerts some control, primarily in the major cities. However, in the rural areas, which are controlled by family clans and tribes, the government is virtually powerless. This lack of control by a central government creates an atmosphere conducive to the flagrant pursuit of illegal activities by members of these clans. It is significant that most of the illicit cultivation of opium and the clandestine production of heroin in Lebanon occurs primarily in outlying areas and in the countryside.

The political and religious factions arising from the civil unrest have also created a need for each faction to maintain and strengthen its cause. In order to maintain power, each faction requires cash, weapons, and ammunition, which allegedly are obtained by participation in the drug trade. Also contributing to the increased involvement of Lebanese in the drug trade is the fierce loyalty and strong familial ties which characterize the Lebanese. Lebanese communities throughout the world provide a potential network for smuggling. Recent uncorroborated information indicates that heroin is being smuggled from Lebanon to some members of the Lebanese communities in the United States, particularly in the Detroit area, which has the largest Lebanese population in North America. There is also a large Lebanese community on Cyprus. Many Lebanese smugglers, who prefer the more tranquil atmosphere of Cyprus to the turbulent situation in Lebanon, are reportedly contracting the purchase of illicit narcotics on the island. Drug abuse on Cyprus is virtually unknown, and drug enforcement is not a major priority of either the Greek or Turkish communities on the island.

Drug trafficking in Lebanon is apparently carried on with little risk because of the continuing political and civil strife. Sporadic reporting suggests that a small amount of opium is being cultivated in the Baalbek and Hermel regions of northern Lebanon. Traditionally, large amounts of hashish have been grown in these areas on farms controlled by several families or clans. It is also suspected that a limited quantity of opium is being smuggled into Lebanon from Turkey. Intelligence reports also indicate that opium and morphine base are smuggled from Iran, Pakistan, and—until recently—Afghanistan.

Opium is reportedly converted into morphine base or heroin in clandestine laboratories operating in northern Lebanon and Beirut. The heroin from these laboratories allegedly is smuggled to Western Europe, the United States, Canada, and possibly South America. Narcotics from

Europe Awash With Heroin

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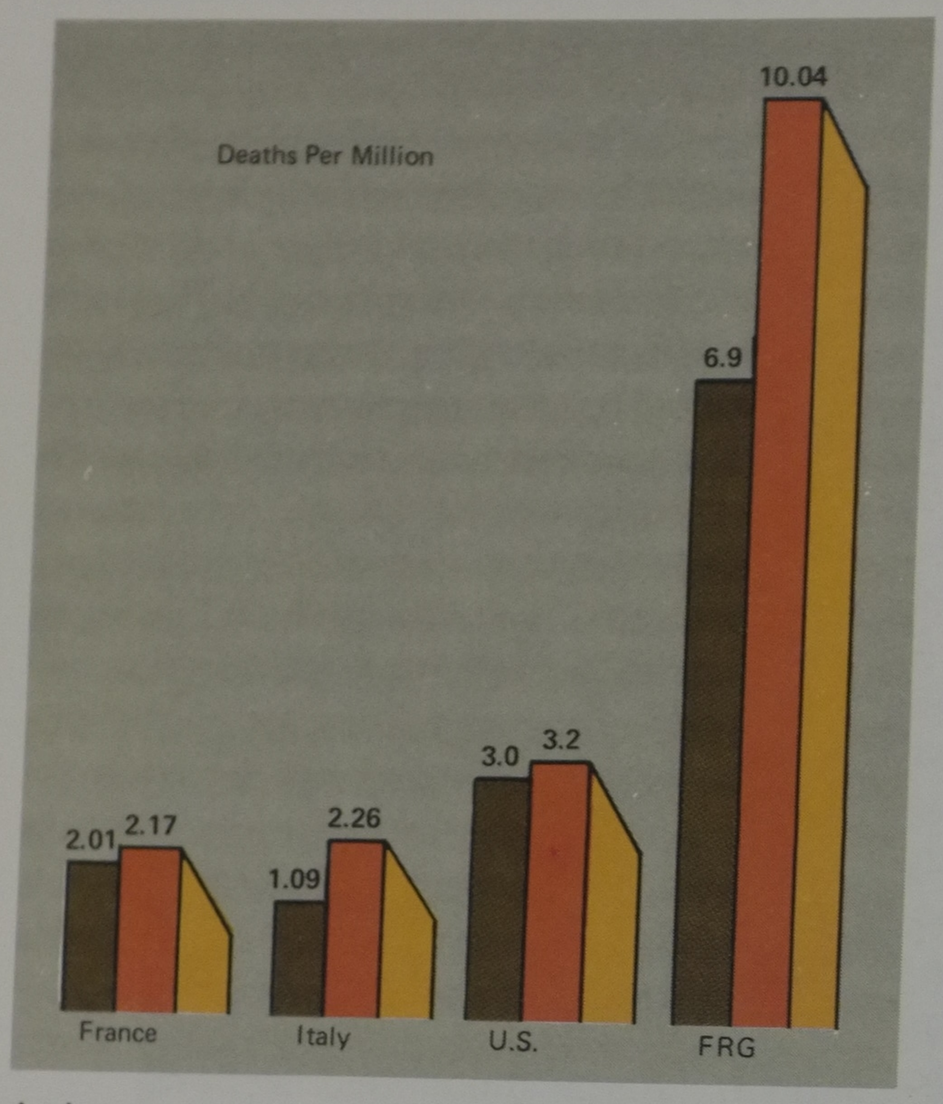
Heroin Section
Office of Intelligence

Reported Heroin Overdose Deaths in Selected Countries, 1978 and 1979



Lebanon are sometimes smuggled overland to Western Europe via Syria and Turkey in cars or trucks fitted with secret compartments or in cargo shipments. Vessels and cargo ships are also used to transport narcotics from Lebanon to European and American seaports—primarily, U.S. ports on the East Coast. In some cases Southwest Asian heroin has been seized from Lebanese couriers traveling by commercial airlines to Europe and the United States.

The demand for narcotics in Lebanon is not great. Heroin abuse among the Lebanese is negligible. However, there is some experimentation with drugs (hashish, cocaine, amphetamines) among the young, especially in Beirut.

Even though Lebanon does not have a severe internal drug abuse problem, it is gaining notoriety as a transshipment point for narcotics to Western Europe, the United States, and Canada. The lack of effective government efforts to control smuggling makes Lebanon an attractive transit area for international drug traffickers and smugglers. ■

From the mid-1970's until recently heroin from Southeast Asia's Golden Triangle dominated the market in Western Europe. Overseas Chinese traffickers, using the Netherlands as the main importation and distribution area, virtually controlled the heroin market.

Rivalry among the various Chinese groups, successful law enforcement against major Oriental traffickers and organizations, a significant drop in heroin production in the Golden Triangle, and consequently limited supplies for export have led to a reduction in Southeast Asian heroin trafficking.

In 1977, ethnic Chinese control of the European heroin market was successfully challenged by other traffickers, mostly Turkish nationals smuggling heroin converted from opium grown in Southwest Asia and processed in illicit laboratories in western Iran and eastern Turkey.

By the end of 1979, Southwest Asian heroin had established a virtual monopoly in Europe. Current trends indicate increasing numbers of other Southwest Asian nationals (Lebanese, Syrians, Pakistanis) and some Europeans moving into the wholesale European heroin market.

Several Western European countries have become targets for Southwest Asian trafficking groups. The Federal Republic of Germany (FRG) is now considered the major market for Turkish traffickers. According to information from reliable sources, Turkish nationals involved in smuggling multi-kilogram quantities of Southwest Asian heroin into the FRG do so via the traditional overland route through the Balkans and Central Europe. Much of the heroin smuggled into the FRG is concealed inside privately owned vehicles or inside cargo aboard commercial *Transporte Internationale Routier* (TIR) trucks.

Southwest Asian heroin is also being smuggled into the FRG by Turks and others aboard regularly scheduled commercial aircraft operat-

ing between Turkey and airports in Frankfurt and Munich, Schoenefeld Airport near East Berlin, and Tegel Airport in West Berlin.

One indicator of the scope of the Southwest Asian heroin problem in the FRG has been the increased rate of heroin seizures over the past year. Approximately one hundred kilograms of Southwest Asian heroin were seized in the FRG during 1979 as compared with the 40 kilograms seized in 1978. In the first six months of 1980, approximately 112 kilograms of Southwest Asian heroin were seized in the FRG.*

In addition to the FRG, the Netherlands is also faced with a massive influx of Southwest Asian heroin. The pattern of heroin trafficking into the Netherlands changed drastically during the last several months of 1979. Southeast Asian heroin, long considered the major drug of abuse in the Netherlands, has been replaced by the less expensive and generally more potent Southwest Asian heroin. This reversal in the heroin situation may be attributed to the following factors:

- The lack of a continuous, uninterrupted flow of Southeast Asian heroin into the Netherlands. This can be traced to the recent immobilization of key members of several Chinese trafficking groups.
- A significant drop in heroin production in the Golden Triangle.
- The smuggling of Southwest Asian heroin into the Netherlands by independent, ethnic Turkish entrepreneurs. The Netherlands, like West Germany, employs thousands of Turkish workers. By early 1979, reports indicated that some Dutch narcotics traffickers were dealing with Turks rather than their traditional source of supply, the Chinese. Turks also were buying business establishments in what had been a Chinese-controlled area of Amsterdam.

Seizure statistics for 1979 and the first six months of 1980 clearly illustrate the turnabout in the Dutch heroin market. The quantity of Southeast Asian heroin seized in the Netherlands decreased from 87.6 kilograms in 1979 to 2.5 kilograms for the first six months of 1980. Conversely, the quantity of Southwest Asian heroin seized in the Netherlands increased from 17 kilograms in 1979 to more than 66 kilograms for the first six months of 1980.

Italy is another Western European country that is beginning to play an increasingly important role in international heroin trafficking. It is a key transit country for Southwest Asian heroin reaching other Western European nations, a location for heroin conversion laboratories and a major source area for increasing quantities of heroin reaching the United States. In addition, Italy has become an important consumer country for Southwest Asian heroin.

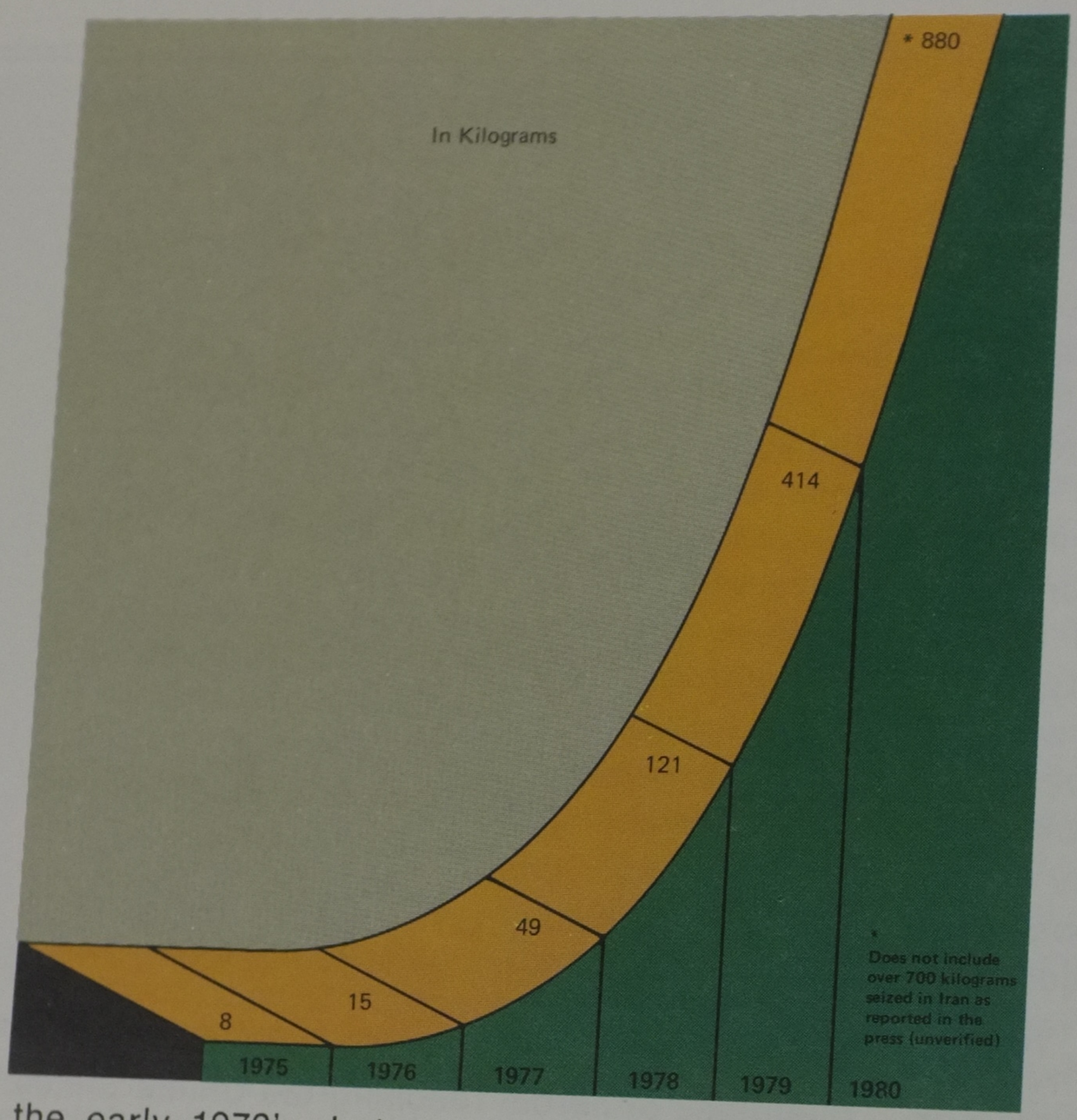
The quantity of Southwest Asian heroin seized in Italy has shown a significant increase over the past two years. In 1978, 5.6 kilograms of Southwest Asian heroin were seized, as compared with more than 60 kilograms seized in 1979. In the first six months of 1980, approximately 112 kilograms of Southwest Asian heroin were seized in Italy.

Another indicator of the dimensions of the European heroin problem, addict overdose death statistics, has recently shown a disturbing trend. Western Europe is now faced with a heroin abuse problem of unprecedented proportions. There are an estimated 190,000-330,000 heroin addicts throughout Western Europe.

In the Federal Republic of Germany, heroin abuse has reached epidemic proportions. The FRG did not have a serious addiction problem in

* The figures are for seizures reported to DEA and do not include most seizures of under 500 grams effected by German counterparts.

Southwest Asian Heroin Seized in Europe and Southwest Asia, 1975-1980



the early 1970's, but current estimates report from 68,000 to 80,000 heroin addicts in a country with a population of about 62 million. Reported overdose deaths have increased from 9 in 1969 to 430 in 1978 and 623 in 1979.

A significant factor contributing to the number of overdose deaths in the FRG has been the availability of Southwest Asian heroin with its concomitant higher street-level purity.

In Italy the problem of heroin abuse is becoming more troublesome. Italian authorities estimate that as many as 40,000 or 50,000 Italians may use heroin on a daily basis. Heroin-related overdose deaths have risen from 40 in 1977 to 129 in 1979.

The extent of the heroin abuse problem in the Netherlands is not known because of a lack of data on the number of drug overdose deaths. But it can be surmised that the heroin abuse problem is basically similar to that of the FRG. The best estimate for the drug addict population of the Netherlands ranges between 10,000 and 20,000.

Equally as disquieting as the new influx of heroin into Europe have been reports that allege resumed heroin production in Europe and the traditional Middle East. These reports have been confirmed by the seizure of two functional heroin laboratories in Italy and one in Turkey during the last quarter of 1979. In addition, there were 128 kilograms of morphine base seized in Europe in 1979. Only 30 kilograms of morphine base were seized in all of 1978.

The movement of morphine base into Europe supports intelligence obtained from ongoing investigative activity that heroin laboratories are currently in operation in regions of southern France and Italy. The above statistics and indicators clearly show that Southwest Asian heroin has replaced Southeast Asian heroin as the predominant heroin in Europe. ■

tion. In these cities traffickers have shown an affinity for the use of automatic weapons and have routinely engaged in decapitations, mutilations; and infanticide—symbolic displays of "machismo" often conducted in broad daylight in front

dollars annually. Nowhere is this more visible than in South Florida where a dangerous U.S. currency drain has been created by the laundering and transfer of traffickers' assets between U.S., Cayman Islands, and South American banks and

United States is bursting at the seams. Within current budgets it cannot cope with the resources of Latin American-based traffickers. Corruption is known to exist at the highest levels of some leading coca plant source countries in South Ameri-

Investigating the Laundering of International Drug Money

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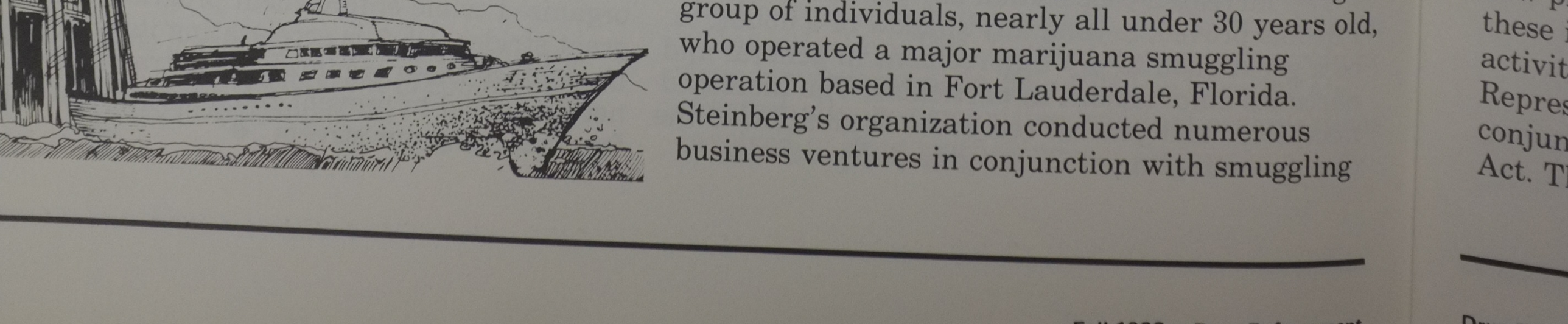
In a recent Miami conspiracy case, DEA arrested 36 individuals, two of whom were bank officials—the Vice President of the Installment Loan Department of the Great American Bank and the Assistant Vice President/Operations Manager for the Bank of Miami. The defendants had negotiated with DEA agents for the purpose of referring clients for money laundering and investment services. Approximately $45 million in drug money had been laundered through these banks for various cocaine traffickers.

In California, a DEA investigation centered around the Garfield Bank which has four branches in the Los Angeles area. A prominent Los Angeles attorney would collect huge sums of money from drug trafficking clients and deposit them at branches of the Garfield Bank. The attorney and the bank's management had entered into an agreement not to fill out transactions forms required by the Bank Secrecy Act. From California the funds were transferred to a bank in Bermuda, where the attorney had established trust accounts. These accounts were controlled through fictitious companies registered in Liberia. Money from the Bermuda trust accounts was then transferred back to the traffickers in the United States in the form of phony loans. This group of violators laundered millions of dollars before arrests took place. After the arrests and before the trial, the attorney was found shot to death in a stairwell. Two bank vice presidents and the Chairman of the Board of the Garfield Bank pleaded guilty to violation of the Bank Secrecy Act, and the institution itself was fined $2.3 million.

The Donald Steinberg organization was a large group of individuals, nearly all under 30 years old, who operated a major marijuana smuggling operation based in Fort Lauderdale, Florida. Steinberg's organization conducted numerous business ventures in conjunction with smuggling



Investigating the Laundering of International Drug Money

activity in Colombia, Panama, Kenya, Holland, Spain, Canada, Hong Kong, Singapore, the Bahamas, and Cayman Islands. During the first trial in the case, Steinberg testified that his organization has grossed over $100 million in 1978 (an amount equal to about one-half of DEA's entire budget at that time.) The Steinberg organization placed all assets in various corporate names, established an airfreight company in Panama with four DC-7 airplanes that they purchased in Spain, and bought huge ocean freighters in Holland and Singapore for smuggling operations. They established expensive offices in Hong Kong and wire transferred $6 million through offshore banks in the Cayman Islands to the Hong Kong office to set up the machinery to smuggle Thai sticks to the U.S. West Coast.

These are but a few of the cases involving the movement and laundering of international drug proceeds. In increasingly large numbers, both domestic and international drug investigations are centering around the tremendous sums of money generated by this illicit trade. The terms "drug investigations" and "financial investigations" have nearly become synonymous, as agents attempt to trace the movement of billions of dollars through the maze of international banking in an effort to identify and remove profits. Drug traffickers are relying more and more on the world banking system to assist them in the movement and "laundering" of drug money.

Interest in the flow of drug-related currency and use of foreign banks and companies in the international trafficking of illicit drugs is not a new phenomenon. Concern over the illegal use of these institutions in various types of criminal activity was voiced by a U.S. House of Representatives report issued in 1970 in conjunction with the passage of the Bank Secrecy Act. The report stated in part:

> "Secret foreign bank accounts and secret foreign financial institutions have permitted proliferation of 'white collar' crime; have served as the financial underpinning of organized criminal operations in the United States; . . . and have served as the cleansing agent for 'hot' or illegally obtained monies . . . Criminals engaged in illegal gambling, skimming and narcotics traffic are operating their financial affairs with an impunity that approaches statutory exemption."

Concerns over the economic ramifications of the international flow of drug-generated currency, with the exception of the potential loss of tax revenues, are considerably more current. This rather recent occurrence has evolved partly as a result of the total dollar amount in the world drug trade reaching such staggering estimates, and partly as a result of more inquiries into the economic area on the part of various Congressional, law enforcement, and intelligence agencies. The potential ramifications of revenues from international drug sales are enormous. They include: (1) The likelihood of significant capital flight occurring from consuming countries such as the United States. As countries become more efficient in the identification and seizure of assets acquired through illicit drug proceeds, this type of capital flight will surely increase. (2) There is the potential for a considerable diplomatic dilemma for drug source or producing countries who are attempting to cooperate in U.S.-sponsored eradication progams and who are, at the same time, trying to cope with major internal economic problems and falling international credit ratings. (3) There is the potential for similar diplomatic problems in offshore havens, where significant amounts of the world's drug proceeds either transit during the laundering process or are

Investigating the Laundering of International Drug Money

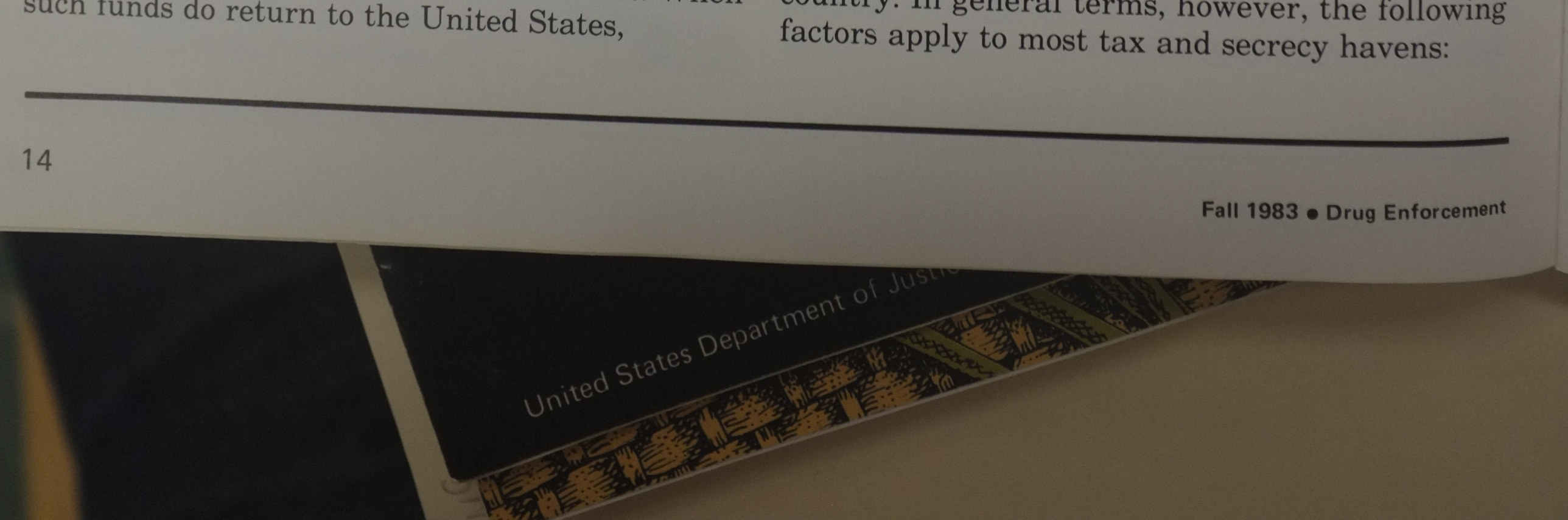
permanently held. Many such countries must face the decision of international cooperation through mutual assistance treaties and agreements, which may undermine the important economic base provided by the banking community, or else face mounting pressure from countries such as the United States, which may be forced to impose harsh sanctions for their failure to cooperate.

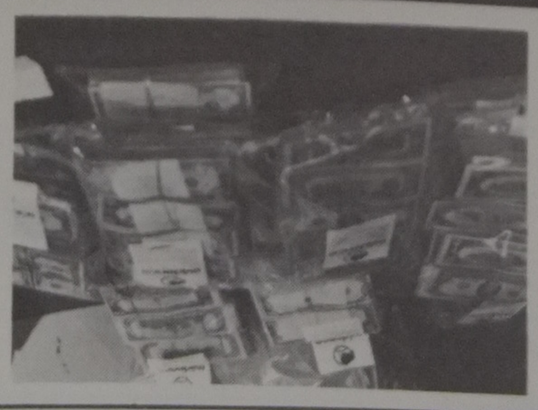
There appears to be general agreement by everyone on the question of how much money from illicit drug sales leaves the United States and how much is returned after the offshore laundering process. The agreement is that there is no answer to that question. The fact that a total amount is unknown is certainly understandable since the illicit drug industry does not post year-end corporate statements with segments relating to the amount of profits laundered offshore. Considering the difficulty currently encountered in arriving at a "ballpark" figure on total U.S. revenues generated from the illicit drug trade, the question of how much of this total leaves the country and what percentage returns is moot. The figure unquestionably represents many billions of dollars, probably a significant portion of this country's Gross National Product (GNP) and adversely affects U.S. data on international money flow (balance of payments). The billions of dollars that are transferred out the United States by drug traffickers are transferred tax free. When laundered money returns to the United States, it is frequently under the guise of foreign business or "shell" companies, which take full advantage of the favorable provisions of U.S. tax laws on foreign investors. The trafficker, with his "repatriated" funds, has thus effectively beaten the tax system twice—on the laundering of the drug money out of the country and on its return in the form of a legitimate foreign investment. When such funds do return to the United States, additional economic problems result from the adverse impact they can have on local economies. This can be clearly viewed in South Florida where the housing market is inflated by drug profits, making the purchase of a new home by honest citizens more difficult. The magnitude of the money involved easily has the capability of effecting political, regulatory, and legislative changes as well.

The Drug Enforcement Administration conducts international financial drug investigations for three basic reasons:

1. To obtain documentary evidence from offshore banks and companies for use in domestic drug prosecutions (e.g., demonstrating the magnitude of operations; proving the "substantial profit" element in Title 21 U.S.C. Section 848 prosecutions);
2. To track the international flow of drug profits through offshore financial institutions and "shell" corporations in order to satisfy statutory tracing requirements in the domestic seizure of assets;
3. To obtain intelligence regarding the international drug money flow in order to assess the economic impact it has on consumer, transit, source and "haven" countries.

Conducting such investigations inevitably leads to the problems associated with offshore "haven" countries. The Internal Revenue Service, in 1982, identified 29 countries as being "tax havens." The various elements that contribute to a country being classified as a "haven" are numerous and vary somewhat depending upon the specific country. In general terms, however, the following factors apply to most tax and secrecy havens:





1. Financial privacy through banking and corporate secrecy laws;
2. Little or no taxation imposed;
3. Minimal regulation by haven government on offshore activities;
4. Political stability;
5. Adequacy of communications;
6. Convenience of location to either drug source, transit or distribution areas.

DEA's Office of Intelligence is currently involved in a strategic intelligence project called "Operation Cashflow." This program is designed to chart the worldwide flow of drug-related currency, to identify major money-laundering methods, and to assess the socio-economic impact of drug-related profits on source, transit, and consumer countries. This program has the potential to locate the final resting place of profits associated with the international drug traffic. This can then lead to the seizure of those assets which return to the United States after their international laundering process and provide assistance to our foreign counterparts in doing the same where appropriate statutes are available.

There have also been major changes in recent months involving foreign initiatives in financial drug investigations and asset seizures. Primarily as a result of the Isaac Kattan case, frequent and significant use of the Swiss Mutual Assistance Treaty on Criminal Matters has evolved. Italy has passed legislation to allow for seizing and forfeiting drug profits and Canada has submitted similar legislation to enhance its new "Anti-Profiteering" program. Malaysia, Hong Kong, Singapore, and Thailand are working—with considerable DEA assistance—to accomplish the same legislative goals. Mutual Assistance Treaties, similar to the one we currently enjoy with Switzerland, have been or are being negotiated with Colombia, Jamaica, the Netherlands Antilles, and Italy.

The increased knowledge we acquire regarding the behavior of the world's drug money, coupled with improved methods of obtaining offshore financial evidence, will surely mean an increase in DEA cases which are linked to these areas through foreign banks and corporations. DEA must be prepared to meet these forthcoming changes involving international laws and agreements. We cannot legislate independently as individual nations and expect to be effective against major drug organizations which have neither respect for national boundaries nor domestic laws. We must be aware that as we become more efficient and streamlined in our own asset removal program here at home, examples of foreign-held assets acquired through successful drug trafficking in the United States will become more prevalent. Unless we pursue an aggressive program to reach out beyond our own boundaries, to attack those illegally acquired assets, we will never truly remove the profits that serve as the incentive for the international trafficking in drugs. ●

Isaac Kattan

Isaac Kattan-Kassin, a naturalized Colombian, known as the biggest money launderer for major South Florida and South American trafficking organizations during the late 1970's and early 1980's, was arrested by DEA agents on February 26, 1981 in Miami, Florida, in possession of $18,404 in cash and $365,000 in checks. Two other Colombians in possession of 20 kilograms of 98 percent pure cocaine also were arrested.

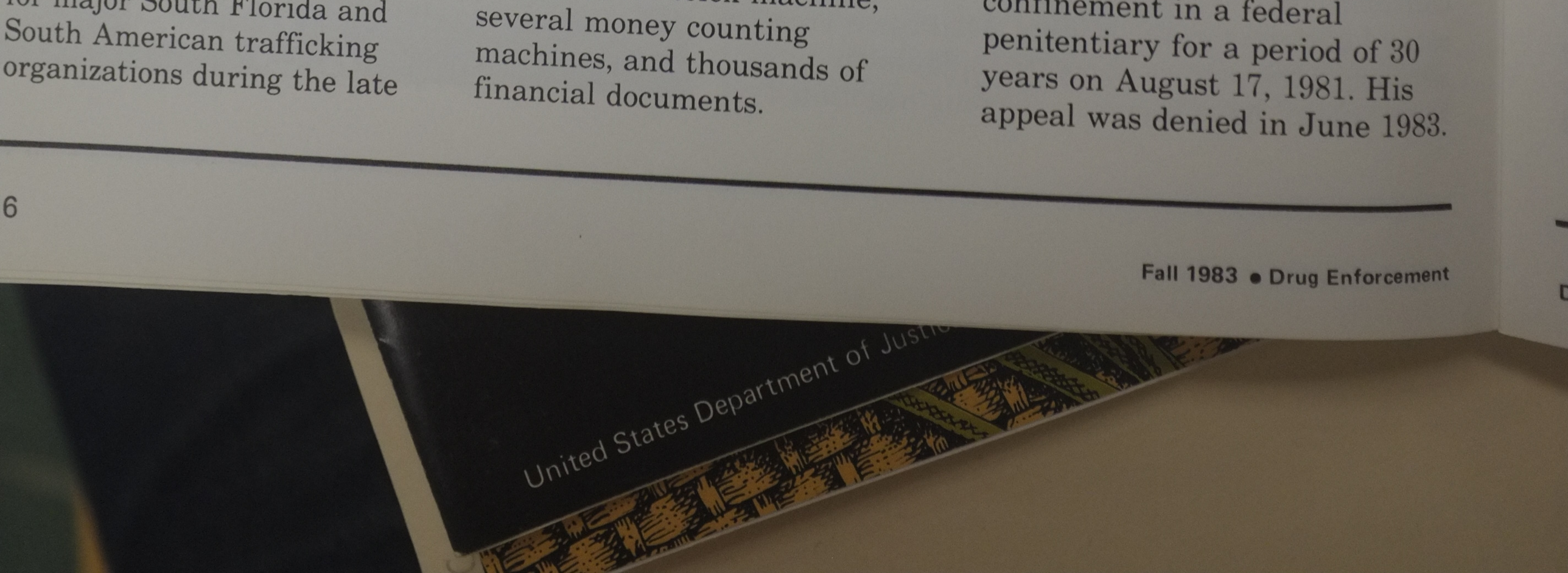
The DEA maintained surveillance of Mr. Kattan and several members of his organization for approximately one month before his arrest. During this time it was determined that two money couriers were transporting cardboard boxes of U.S. currency into a national brokerage firm and into local Miami banks. It was later learned that the boxes contained proceeds from cocaine sales generated in New York, Los Angeles, and Miami.

The day following Kattan's arrest, search warrants were executed at various apartments associated with the Kattan organization and at local Miami banks. This was the first time federal agents had served search warrants on banking institutions in South Florida. In addition to the seizure of almost $1 million in domestic bank accounts, the agents seized an international telex machine, several money counting machines, and thousands of financial documents.

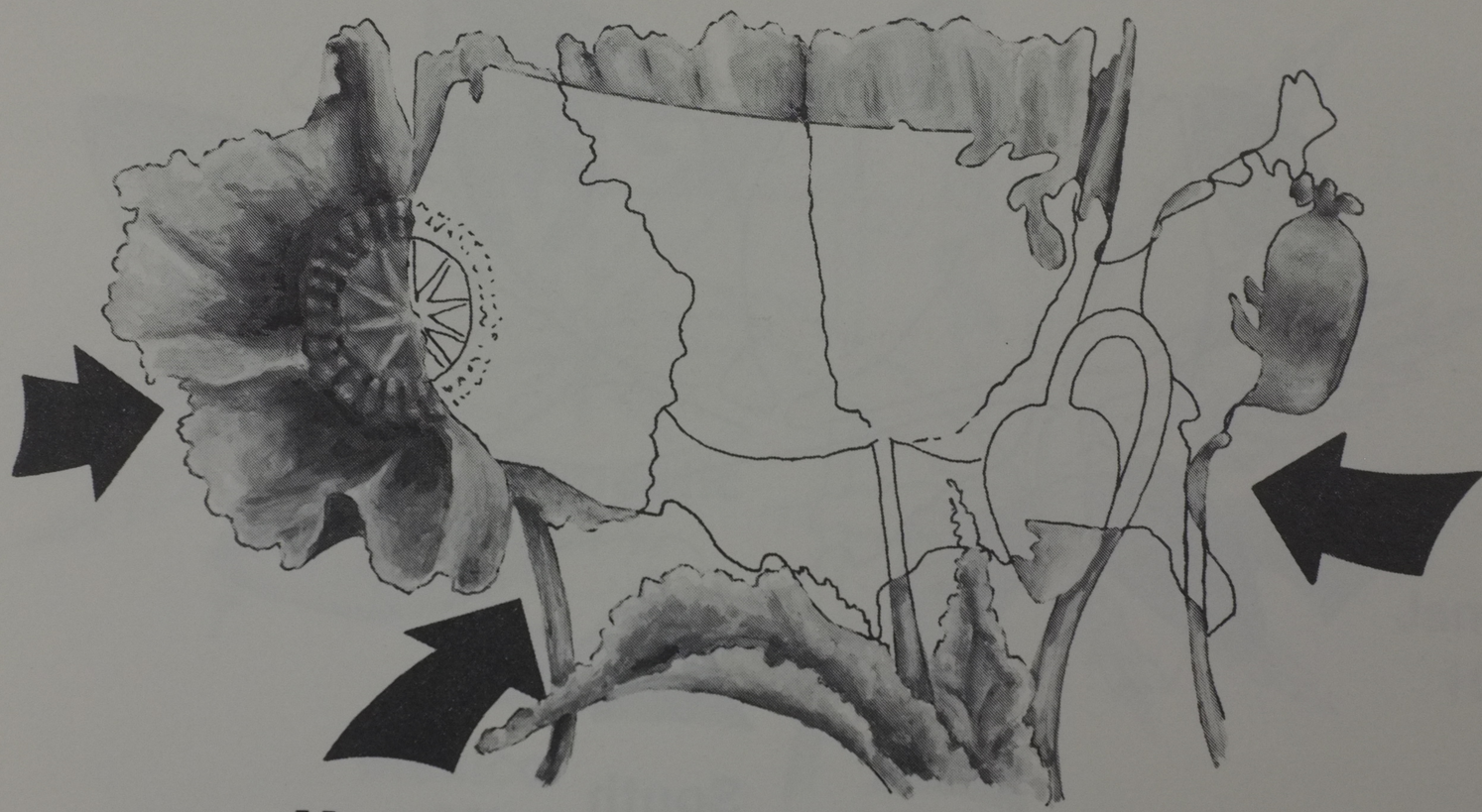
A comprehensive review of the seized documentation revealed that the organization handled gross proceeds estimated at $200–$250 million per year. During the four-month period prior to Kattan's arrest, the money couriers transported almost $61 million into the brokerage firm alone.

The Kattan organization, based in Miami and Cali, Colombia, served the major trafficker's needs by moving large quantities of money, in short periods of time, to any place in the world. This rapid movement of drug profits was facilitated by Kattan's travel agency in Cali, which was licensed to conduct business as a money exchange, providing the Kattan network ready access to all forms of foreign currency on a legitimate basis. Mr. Kattan also utilized business entities incorporated in Panama and the Netherlands Antilles, as well as foreign bank accounts in Canada, Bahamas, Peru, Venezuela, Panama, and Switzerland. Through the use of the Swiss Mutual Assistance Treaty, DEA was able to have $3.3 million frozen by Swiss authorities.

Issac Kattan was sentenced to confinement in a federal penitentiary for a period of 30 years on August 17, 1981. His appeal was denied in June 1983.



Heroin Importation



and abuse again have been on the increase since mid-1979. From 1979 to 1980 heroin-related injuries rose 25 percent, from 9,700 to 12,900. There were over 850 heroin-

gressive opium poppy eradication campaign. The balance comes from the Golden Triangle of Southeast Asia—Burma, Northern Thai-

manufacture or diversion from legitimate domestic or international sources, generated an estimated *$17 billion* in U.S. retail sales in

Drug Traffic Today — Challenge and Response

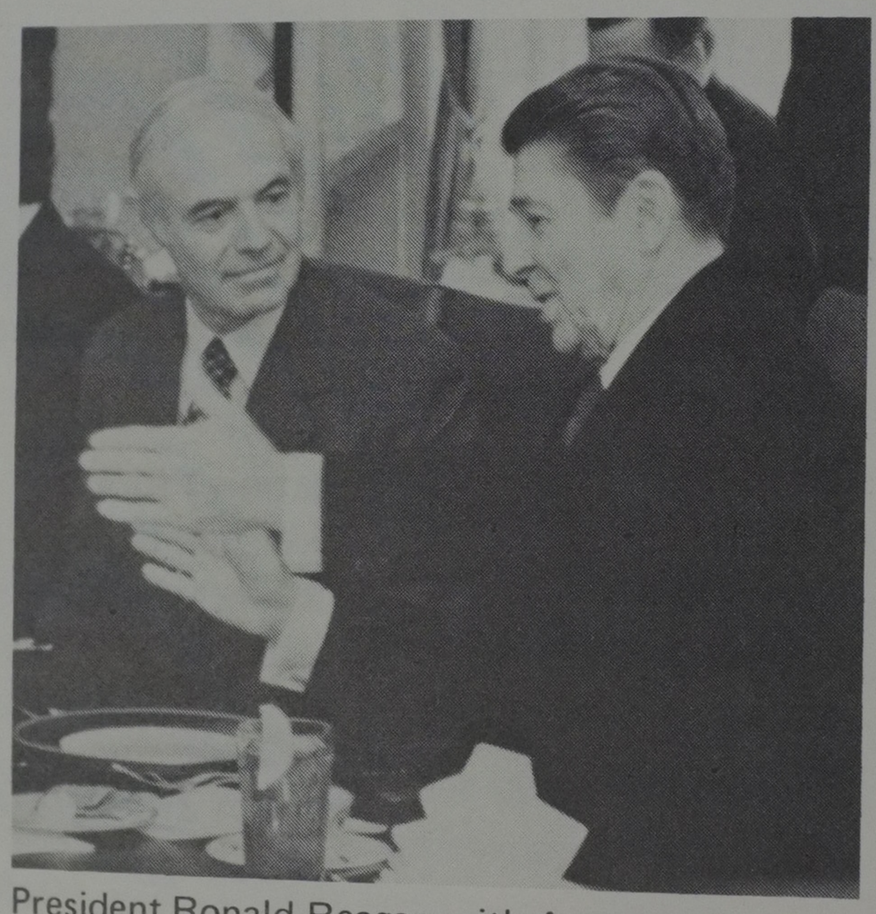
Excerpts from a report to the President's Cabinet Council on Legal Policy, March 24, 1982.

William French Smith
Attorney General of the United States

Drug trafficking is a major cause of violence and crime going far beyond the injurious health consequences to the individual.

All of the heroin and cocaine, most of the marihuana, and a portion of the illicit dangerous drugs consumed in the United States and Europe are cultivated, processed and trafficked through Southwest Asia, Southeast Asia, South America and the Caribbean. International politics and economics in these areas often hinge on the balance of power and trade that is controlled by "narco-dollars." This affects international relations and has serious implications for our foreign policy development.

In the United States, there are cocaine wars in the streets of Miami, New York and Los Angeles; United States drug agents are shot execution style in South America. Traditional organized crime syndicates have reemerged in the trafficking of heroin from several



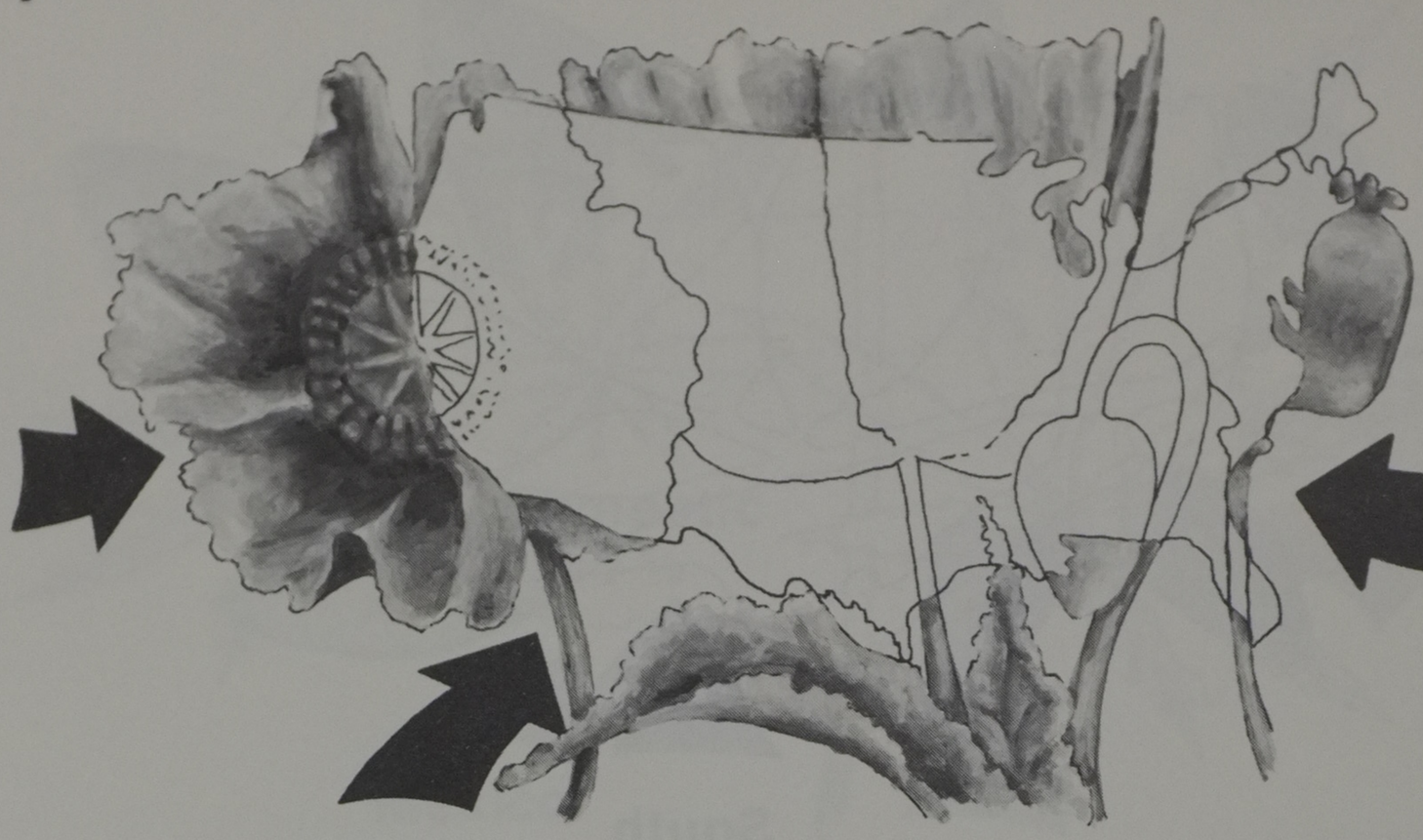
President Ronald Reagan with Attorney General Smith at luncheon on March 24.

sources to the United States. The Armed Forces are compelled to implement extensive drug treatment and rehabilitation programs because of the high levels of drug abuse among their personnel. Although use of marihuana among high school seniors is declining or stabilized, America has one of the highest teenage drug abuse rates among industrial nations. Marihuana has become a significant commercial cash crop in several states. Drug money has wreaked havoc with the economy in South Florida.

The money is awesome. It is estimated that in 1980 the retail, street-level transaction value of the drug trade just in the United States was about *$79 billion,* which is up 22 percent from the preceding year and continuing to escalate. By way of comparison, the annual volume of sales of the five largest business corporations in the United States in 1980 ranged from a high of $103 billion (Exxon) to $40 billion (Standard Oil of California). In other words, the drug business would be ranked second on this index. The profit motive for the traffickers is powerful and compelling.

Heroin retail sales generated over *$8 billion* in 1980. Far more important, however, are the health consequences. Although the level of domestic heroin abuse is less severe than the extreme experienced in 1976, heroin availability

Heroin Importation



and abuse again have been on the increase since mid-1979. From 1979 to 1980 heroin-related injuries rose 25 percent, from 9,700 to 12,900. There were over 850 heroin-related deaths in 1980, a 20 percent increase from 1979. The national addict population is thought to be approximately 450,000, primarily in the 26-39 age group. As a point of emphasis, one study of 243 addicts estimated they committed one-half million crimes in 11 years.

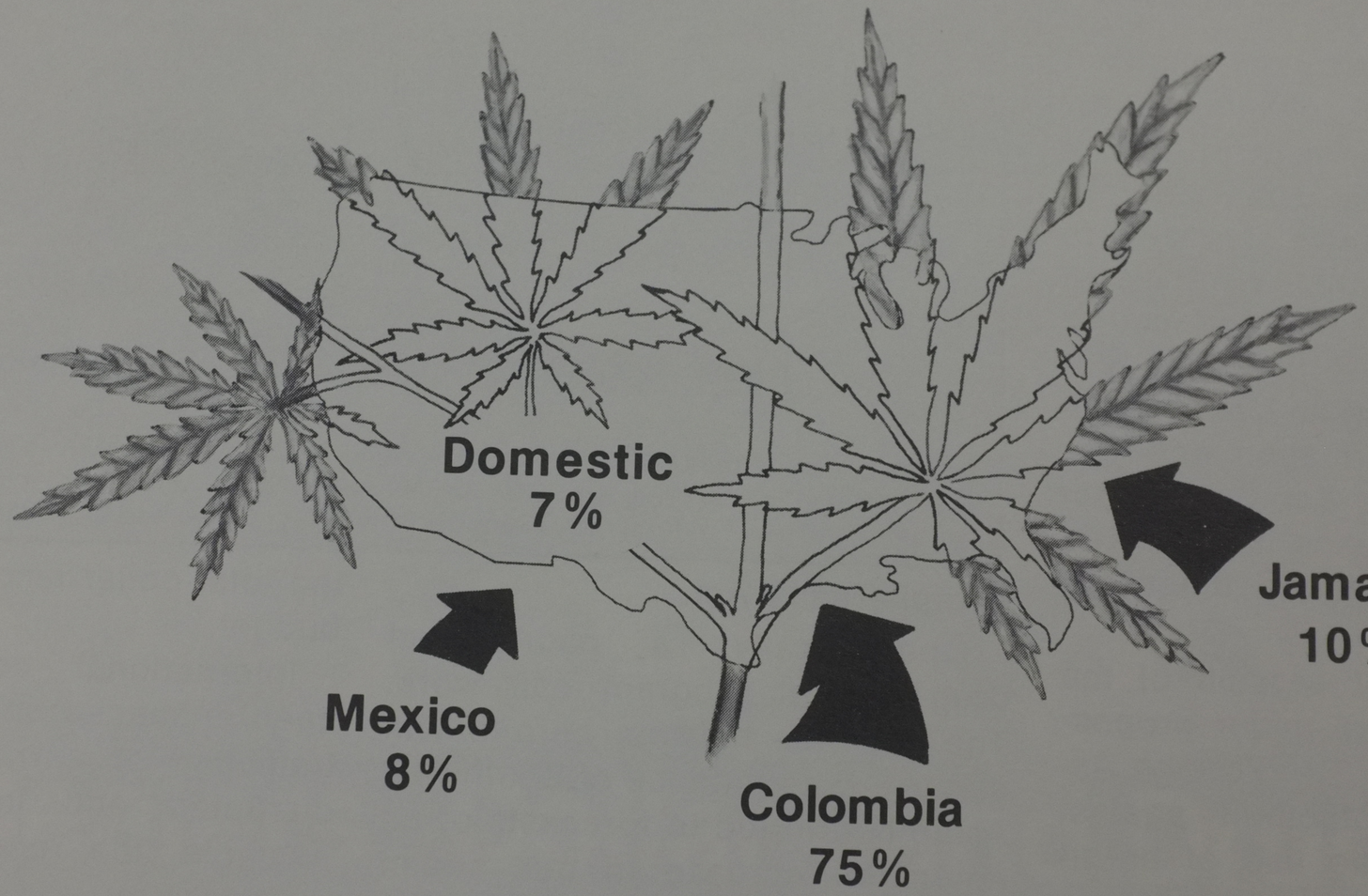
An estimated 4 metric tons of heroin were smuggled into the U.S. in 1980, up 7 percent from 1979. About 60 percent was refined from opium cultivated in Southwest Asia—Pakistan, Afghanistan and Iran. In 1980, Mexico was the source for 25 percent of the U.S. heroin, which is in sharp contrast to four years earlier (1976), when Mexican heroin accounted for over two-thirds of the U.S. market. This reduction is a direct consequence of the Mexican Government's aggressive opium poppy eradication campaign. The balance comes from the Golden Triangle of Southeast Asia—Burma, Northern Thailand and Laos. This region suffered two successive droughts, greatly diminishing opium production from 1978 through 1980. There was a bumper crop in 1981, and production will provide enough heroin to glut the world market.

The magnitude of the abuse and misuse of dangerous drugs is much more severe than for heroin, causing almost seven times as many injuries and almost twice as many deaths as heroin. This category includes stimulants, such as amphetamines and methamphetamines; depressants, such as methaqualone and the barbiturates; and hallucinogenics, notably PCP and LSD. Dangerous drug abuse affects millions in the United States' general population, young and old alike.

Dangerous drugs, entering the illicit market from clandestine manufacture or diversion from legitimate domestic or international sources, generated an estimated *$17 billion* in U.S. retail sales in 1980. This traffic finances organized criminal activities, including traditional organized crime in the Northeast, Colombian methaqualone traffickers in the Southeast, and outlaw motorcycle gangs all across the country who, among others, are responsible for the clandestine manufacture of dangerous drugs. These groups, in particular, are responsible for high levels of violence associated with their activities. In addition, it is estimated that approximately 275 million dosage units are diverted from legitimate U.S. manufacturing and distribution channels as a result of theft, burglaries, highjackings and fraudulent prescribing and dispensing practices.

Over the last five years, cocaine indicators have shown the highest consistent growth for any drug category. Although it is difficult to

Sources of Marihuana

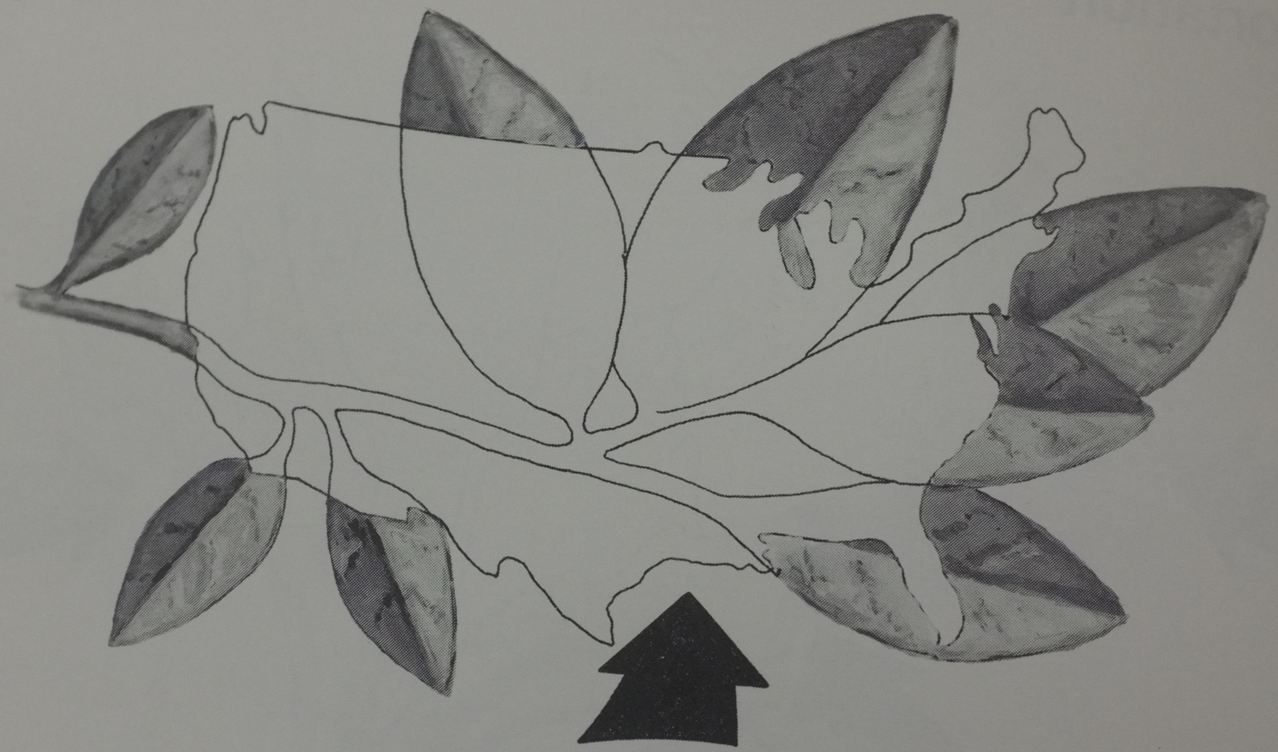


Although Mexico is still a major source country for marihuana destined for the United States, its share of the overall U.S. market has declined rapidly in the past several years, from 10

grown, it still represents a major enterprise. The chief agricultural agent in Mendocino County, California (one of four significant Northern California sinsemilla-

The Justice Department is committed to controlling this awesome drug situation. While controlling the drug at the source is an effective strategy, there

Cocaine Importation



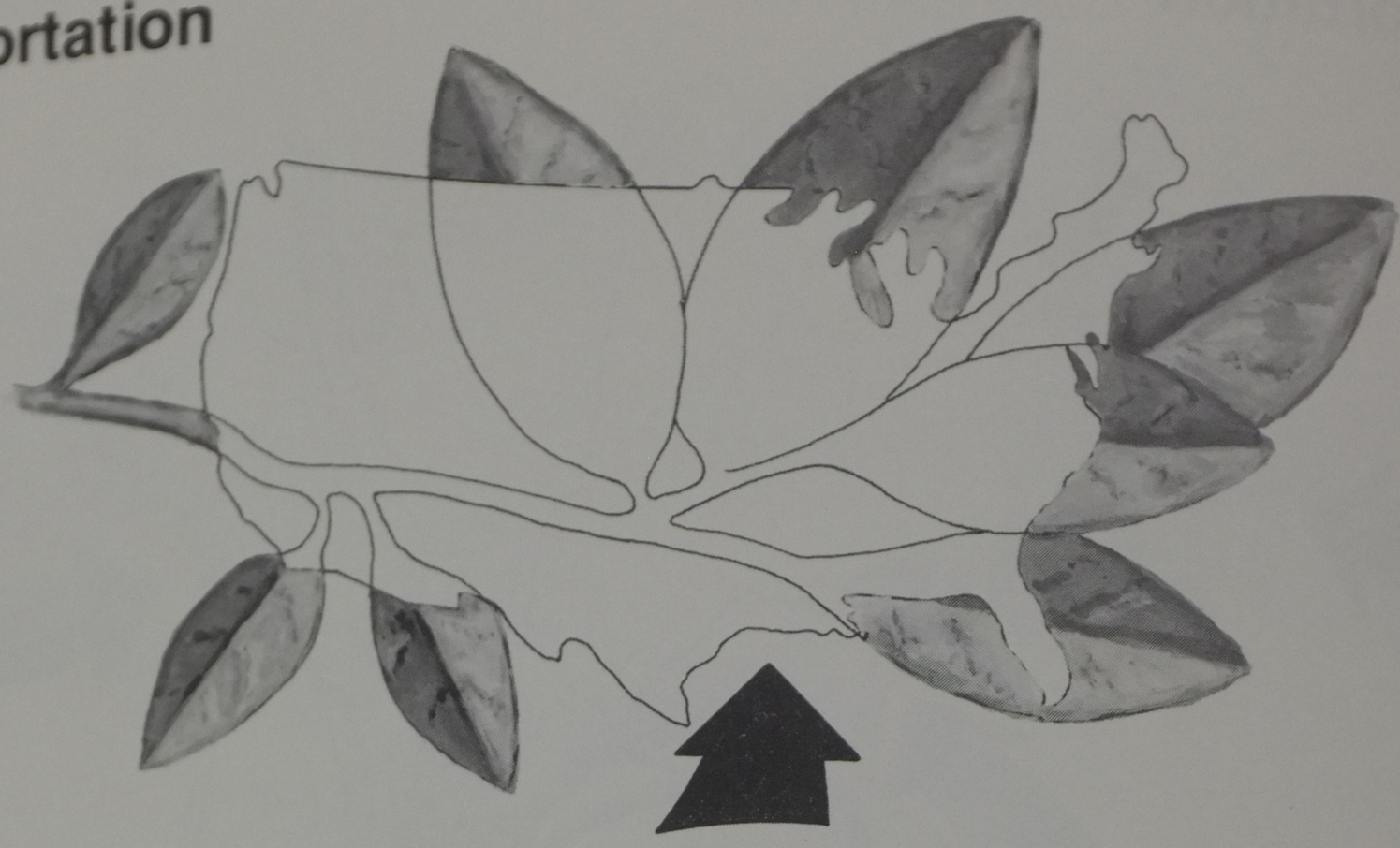
South America 100%

track cocaine-related injuries and deaths from the data available, nationwide increases in both instances have become apparent. In 1980, there were over 3,100 reported cocaine-related injuries, up over 40 percent from the previous year. Preliminary

For the most part, coca cultivation is well established, and controlled to varying degrees in Peru and Bolivia. About 20 to 30 percent of the leaf production is licitly grown for world pharmaceutical

billion. South America is also the source for the vast majority of the marihuana consumed in the United States; about 75 percent of the marihuana imported in the U.S.—

Cocaine Importation



track cocaine-related injuries and deaths from the data available, nationwide increases in both instances have become apparent. In 1980, there were over 3,100 reported cocaine-related injuries, up over 40 percent from the previous year. Preliminary data indicates that in that same time frame cocaine-related deaths increased from approximately 65 percent to over 70. Federal cocaine arrests and seizures show dramatic increases.

Availability seems to be a major generative factor in the growth of cocaine abuse. Unfortunately, ample supplies of coca and cocaine are expected to be available for the international market for the next several years. The total smuggled into the United States in 1980 approximated 44 metric tons, an increase of about 57 percent from 1979. Cocaine is the top illicit drug income producer, generating an estimated *$29 billion* in retail sales in 1980.

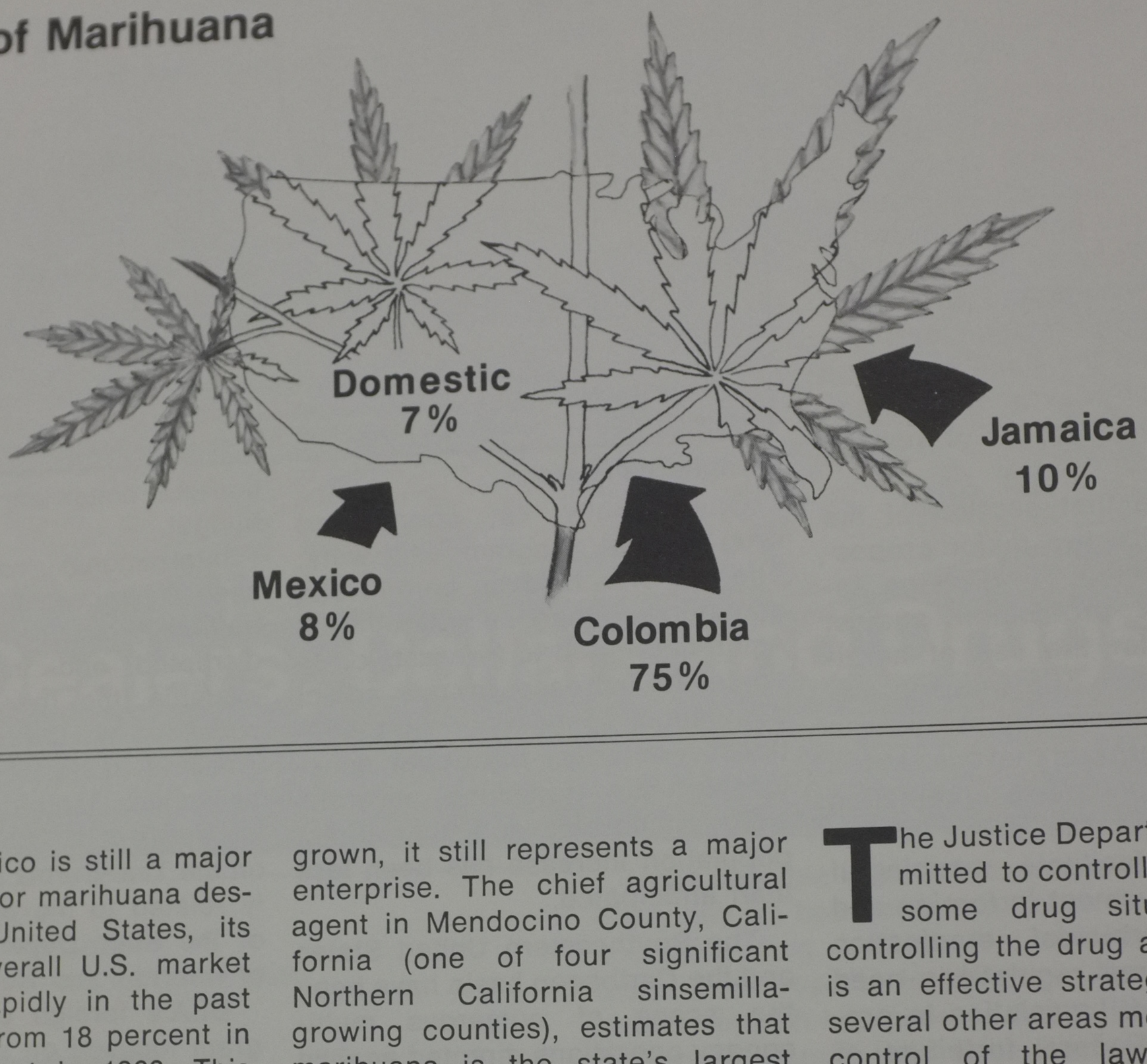
For the most part, coca cultivation is well established, and controlled to varying degrees in Peru and Bolivia. About 20 to 30 percent of the leaf production is licitly grown for world pharmaceutical needs and for indigenous use. The rest of the coca leaf is processed into cocaine and is transshipped to the U.S. by private and commercial aircraft, stopping most often in Central America or the Caribbean to refuel.

The cocaine traffic has the most severe socio-economic consequences of all drugs. Competition for the market is unusually intense and violent, even by drug trafficking standards. Currently, about 12-15 major Colombian families and associates dominate the trade. The vast profits corrupt society and the economy all along the production and distribution chain.

Marihuana traffic also generates tremendous profits—in 1980 street-level sales in the United States were valued at an estimated *$24 billion.* South America is also the source for the vast majority of the marihuana consumed in the United States; about 75 percent of the marihuana imported in the U.S.—between 7,700 and 11,300 metric tons—comes from Colombia. The State Department estimates that in 1980 Colombian illicit drug exports (including marihuana, cocaine and methaqualone) were between $1.6 billion and $4 billion. By comparison, their coffee exports for 1980 were $1.8 billion. (Coffee is their major export item.)

Marihuana production in Jamaica, although vastly smaller than Colombia's, has been expanding rapidly over the past three years. The American Embassy in Jamaica estimates that marihuana production accounts for approximately one-quarter of that country's Gross Domestic Product and generates more foreign exchange than the combined total value of their major exports, alumina/bauxite and sugar, and tourism.

Sources of Marihuana



Although Mexico is still a major source country for marihuana destined for the United States, its share of the overall U.S. market has declined rapidly in the past several years—from 18 percent in 1978 to 8 percent in 1980. This shift developed as the Government of Mexico embarked on an eradication program with the herbicide paraquat, which in turn forced marihuana users to turn elsewhere.

The situation has ultimately led to the establishment of scattered domestic production of the marihuana type known as sinsemilla (Sp., without seeds). Domestic commercial cultivation has consistently represented about 7 percent of the total marihuana consumed in the United States. These ventures are concentrated in seven primary states—California, Hawaii, Oregon, Arkansas, Missouri, Kentucky, and Florida. Although the scattered distribution makes it unlikely that much of this cultivation is marketed far from where it is grown, it still represents a major enterprise. The chief agricultural agent in Mendocino County, California (one of four significant Northern California sinsemilla-growing counties), estimates that marihuana is the state's largest cash crop, worth over $1 billion annually.

The demand for this marihuana, although it has leveled off since the peak in 1978, remains high. About 12 percent of the total U.S. population are considered to be regular marihuana users. Research is consistently showing that marihuana use is dangerous, especially when used while driving or operating machinery or by teenagers and young adults during a time of rapid physiological and psychological change. After careful study, the National Academy of Sciences' Institute of Medicine recently concluded that marihuana is far from innocuous and its use "justifies serious national concern."

The Justice Department is committed to controlling this awesome drug situation. While controlling the drug at the source is an effective strategy, there are several other areas more within the control of the law enforcment sector.

Structurally, the reporting relationship for the Drug Enforcement Administration (DEA) has been changed to give the Director of the FBI general supervision over drug law enforcement. This will achieve a significantly higher degree of coordination and effectiveness in our efforts. The DEA has also been reorganized to centralize management for improved efficiency. Overall, these efforts will bolster the results that can be achieved from our limited resources. Since 1976 almost 1,000 DEA and FBI Special Agents—about 9 percent of our agent work force—have been lost through the budget process.

The FBI has been given concur-

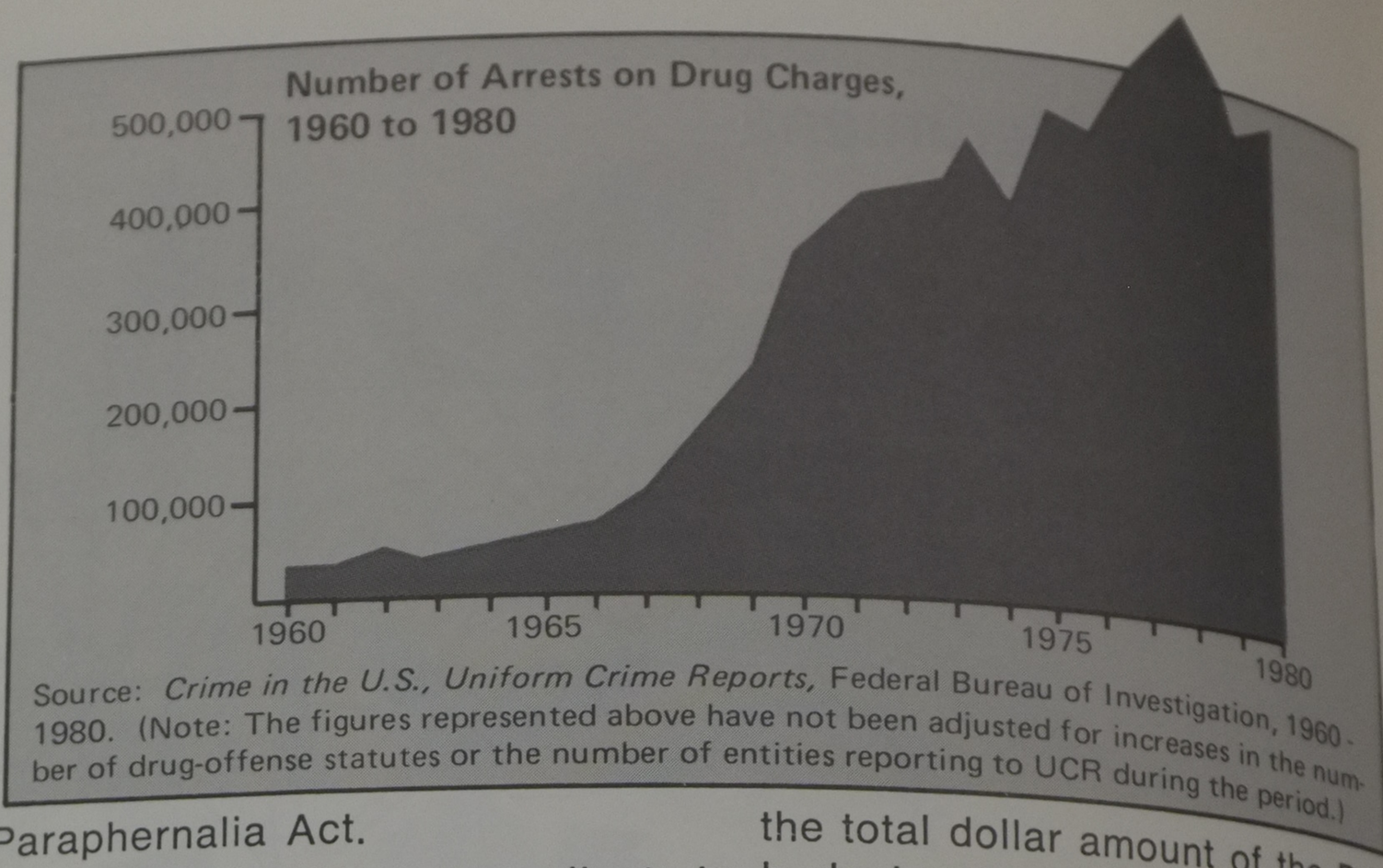
rent jurisdictional powers to conduct drug investigations, adding a new dimension to investigations targetted at organizations engaged in a wide range of criminal activity.

Also, the Department of Justice has been working with Congress to develop legislative remedies to certain detrimental situations. Legislation has been introduced to strengthen Federal bail and sentencing provisions and amend the Freedom of Information and Privacy Acts and the Tax Reform Act of 1976 which makes drug-related financial investigations unreasonably difficult.

During the first session of the 97th Congress, two major proposals were enacted. The Foreign Assistance Act prohibition against foreign aid for the use of herbicidal eradication of marihuana was repealed, demonstrating to source nation counterparts that the United States is committed to eradication and control of the drugs at the source. To facilitate meaningful Federal involvement in foreign and domestic herbicidal eradication programs, some regulations need to be modified. Legislation to provide for the Federal forfeiture of the land upon which the marihuana is grown should also be explored.

Significantly, the restrictions on military assistance to civilian law enforcement as codified in the Posse Comitatus statute were rescinded. The Department of Justice and the Defense community are now engaged in active dialogue to determine how best to involve military resources. Rapid progress is needed in this area.

The Federal Government has been supporting the state and local effort to control the proliferation of drug paraphernalia outlets by providing counsel and model legislation drafted by DEA. Two Supreme Court actions this month have affirmed the constitutionality of state statutes based on the Model Drug Paraphernalia Act.



Source: *Crime in the U.S., Uniform Crime Reports,* Federal Bureau of Investigation, 1960-1980. (Note: The figures represented above have not been adjusted for increases in the number of drug-offense statutes or the number of entities reporting to UCR during the period.)

Operationally, a coordinated drug control program can work. The line was held on heroin. The continued abundance of Southwest Asian heroin led to forecasts of an epidemic increase in our addict population. However, investigations directed at the upper echelons of the trafficking networks were successful and the addict population increase has been less than anticipated.

The Southeastern United States and the Caribbean basin have been the scene of numerous multi-agency operations directed against the most significant cocaine and marihuana trafficking organizations. Operations Grouper, Tiburon, Bancoshares, and Greenback were all special large-scale investigations involving the coordinated operations of the DEA, FBI, Customs Service, IRS and state and local agencies. These resulted in the indictment and arrest of hundreds of significant defendants and multi-million dollar seizures of assets.

Overall, asset seizures of major drug violators have increased substantially. In the past two years alone, DEA seized approximately $255 million in drug-related assets —currency and property such as real estate and vehicles. Seizures this year are expected to exceed the total dollar amount of the DEA budget.

International cooperation has been enhanced; as a result, major trafficking organizations have been disrupted and immobilized. For example, the recent activity and success by the Government of Thailand in destroying the heroin conversion laboratories and staging areas of the Shan United Army on the Thai-Burma border is directly related to the persistent efforts of the State Department's Bureau of International Narcotics Matters.

DEA's foreign compliance program focused on restricting large-scale diversion of pharmaceuticals in international commerce has been successful. As a direct response to diplomatic initiatives, two major source countries, Austria and Hungary, agreed to curtail methaqualone production and the Federal Republic of Germany, a major transit country, imposed stringent import/export control measures on the drug.

The interagency intelligence effort at the El Paso Intelligence Center (EPIC) has brought the law enforcement community together to cooperatively work on drug cases, ensuring that the full scope of issues is addressed in each major investigation. This is a resource that has much potential and steps are being taken to improve and broaden its utilization.

"It seems probable that drug law enforcement will eventually pay its own way."

All businesses need money and property to create products, to deliver them to their customers, to promote sales and to grow. Criminal businesses are no different. Drug dealers need money and property to produce and market their contraband goods. They need money to buy silence from witnesses, to pay bribes, to expand into other illegal activities, to move into new towns and cities, to seduce more citizens into joining their ranks, and to pay for all their other illegal expenses.

Money and property are at the heart of all businesses. As long as assets and profits go untouched, lost workers and lost products can always be quickly replaced. Even with leaders in jail, confederates continue the dangerous and deadly business of drug trafficking by using the wealth and property left behind. And those imprisoned quickly return to drug dealing after being released, because criminals making huge profits see jail as an acceptable risk as long as they get to keep their earnings. They can invest their illegal fortunes while in jail, and the money will be waiting for them, with interest, when they get out.

The Drug Enforcement Administration is implementing an enforcement program that strikes at all three dimensions of drug trafficking. We are continuing to improve upon our traditional objectives of arresting major dealers and seizing large amounts of drugs. But, as the reports at the beginning of this article indicate, we are now seizing the ill-gotten profits and property of these criminals.

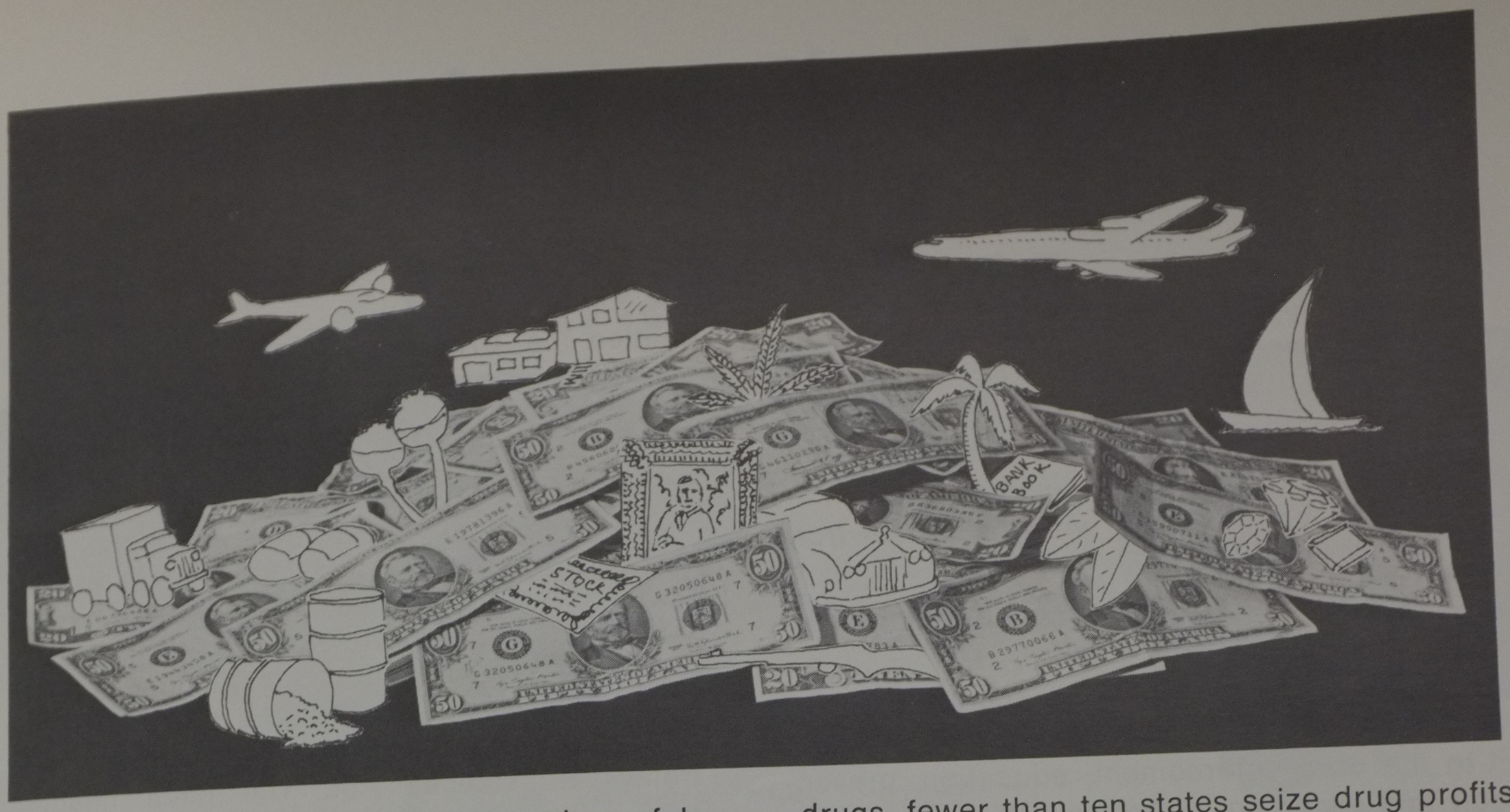
Today's drug agents can no longer confine themselves to the "who, what, where, when and why" of drugs and drug dealers. During every phase of their investigations they must now ask: "What about the dollars?" If we are ever to be successful against drug traffickers, we must raid their treasuries, we must confiscate their ill-gotten wealth.

The Power of Forfeiture

The power to confiscate the financial resources of criminals exists in the ancient Law of Forfeiture. Since the days of Moses civilizations throughout the world have recognized the inherent right of government to confiscate, or "forfeit," anything used illegally, acquired illegally or dangerous to society.[1] Government does not pay for forfeitable property; it is simply confiscated and disposed of. While this may seem harsh, American courts have repeatedly upheld it as constitutional.[2] The power of forfeiture was approved and practiced by the American Colonies.[3] It was used by the First Congress of the United States to confiscate pirate ships, smuggling ships and slave ships.[4] Hundreds of forfeiture laws are now enforced by both the Federal Government and the states.

The first use of the forfeiture power to confiscate the profits and other assets of drug dealers occurred in 1970. Persons convicted of operating large drug-trafficking organizations, in violation of the Federal Controlled Substances Act, were required to forfeit: all their illegally acquired profits, all their capital in the illegal business, and all their other property that helped them operate illegally.[5] Forfeiture of this property was made a part of the punishment for the crime. A similar (but not identical) provision, designed to forfeit the assets of all convicted organized criminals, was passed, at the same time, in the Racketeer Influenced and Corrupt Organizations Act.[6]

Despite the best efforts of agents and prosecutors, relatively little was seized from drug dealers under these criminal forfeiture laws.[7] Congress reacted in 1978 with a bold new approach. It passed a civil law declaring that all moneys used in, and all assets acquired from, the illicit drug trade belong to the United States Government and are subject to civil seizure under the forfeiture power.[8] In effect, Congress authorized federal attorneys to file civil lawsuits asserting the Government's right to such property. Although the same evidence gathered in a criminal investigation can be used in these civil suits, they are independent of any criminal trials.[9] Dismissal of criminal charges against an owner due to some technicality does not prevent the Government from civilly suing for return of the property.[10] Civil forfeiture suits are



not burdened by the complex procedures followed in criminal cases.[11] The level of proof needed in civil forfeiture suits is significantly less than the "proof beyond a reasonable doubt" required in criminal trials.[12] And the Government can introduce more kinds of evidence in these civil cases.[13]

Results under the 1978 civil forfeiture law have been impressive. In 1979, the first full year of implementing the law, DEA alone seized $9.8 million in assets. In 1980, DEA civilly seized $34.5 million in assets. And in 1981 DEA civilly seized $54.4 million in assets. Seizures made by other agencies based upon information and assistance provided by DEA amounted to $154.2 million. DEA seizures of drug-related assets under the 1970 criminal statutes totaled $14.75 million for this same period. In all, DEA agents captured $268 million from drug dealers in just three years.

This is only the beginning. It takes time—a long time—to educate thousands of agents, prosecutors and judges in the intricacies of new laws. As the educational process on forfeiture continues, the dollar value and the variety of assets seized should dramatically increase. It seems probable that drug law enforcement will eventually pay its own way. We should reach a point where the costs to taxpayers will be offset by the fortunes seized from drug dealers. Although the federal program is still in its infancy, it is already producing vast amounts of revenue.

While all states arrest drug dealers and seize drugs, fewer than ten states seize drug profits. Most have neglected to pass laws attacking the finances of drug traffickers. To help correct this, DEA has developed a Model Act based upon the 1978 federal forfeiture law. It consists of an amendment to the civil forfeiture section of the Uniform Controlled Substances Act, now enforced in forty-seven states.[14]

Model Forfeiture of Drug Profits Act

SECTION (insert designation of the civil forfeiture section) of the Controlled Substances Act of this State is amended by adding the following paragraph after paragraph (insert designation of the last category of forfeitable property):

( ) Everything of value furnished, or intended to be furnished, in exchange for a controlled substance in violation of this Act (meaning the Controlled Substances Act of this State), all proceeds traceable to such an exchange, and all moneys, negotiable instruments, and securities used, or intended to be used, to facilitate any violation of this Act; except that no property shall be forfeited under this paragraph, to the extent of the interest of an owner, by reason of any act or omission established by him to have been committed or omitted without his knowledge or consent.

Rebuttable Presumption: All moneys, coin and currency found in close proximity to forfeitable controlled substances, to forfeitable drug manufacturing or distributing paraphernalia, or to forfeitable records of the importation, manufacture or distribution of controlled substances, are presumed to be forfeitable under this paragraph. The burden of proof is upon claimants of the property to rebut this presumption.

Put simply, this Model Act would permit states to seize, civilly forfeit, and deposit in their treasuries:

1. All moneys and other property used to buy contraband drugs,
2. All property bought with the profits from drug dealing, and
3. All moneys used to facilitate any drug law violation.

States adopting this provision should seriously consider allocating the moneys forfeited under it to the drug enforcement, education, prevention and treatment agencies within their jurisdictions. Variations in state finance laws preclude drafting a model provision dedicating forfeited property. Nevertheless, every state should amend its laws to devote a substantial portion of forfeited drug profits to the fight against drug abuse.

Drug Agents' Guide to Forfeiture of Assets

Until recently, the Law of Forfeiture played a very insignificant role in our struggle with crime. Although it is a well-established legal doctrine, up to now it has been ignored by most legal scholars. No books have been written on forfeiture law. No schools offer courses in forfeiture. Few legal experts exist in the area. Only a relative handful of police, lawyers and citizens are even aware of the concept.

As a result, states adopting the Model Forfeiture of Drug Profits Act will face the immediate challenge of educating their officials in this area. Fortunately, DEA has just completed a training manual on forfeiture. The text, entitled the **Drug Agents' Guide to Forfeiture of Assets,** is approximately 400 pages long and contains over 800 citations to state and federal forfeiture cases. The first seven chapters explain all aspects of civil forfeiture law, including a comprehensive analysis of the 1978 federal law on which the Model Forfeiture of Drug Profits Act is based. The eighth chapter discusses criminal forfeiture law, including the provisions of both the Racketeer Influenced and Corrupt Organizations Act and the Continuing Criminal Enterprise Offense of the Federal Controlled Substances Act. The ninth chapter probes the practical problems facing agents investigating cases involving substantial drug-related assets. And the tenth chapter contains the Model Forfeiture of Drug Profits Act, with a Prefatory Note and Comment.

The guide is available through the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. At present, it sells for $9.50, which includes postage and handling. The GPO Stock Number is 027-004-00034-2.

Conclusion

Thanks to the Law of Forfeiture, drug agents now have the potential of seizing more money than they spend. With tax dollars becoming scarce, the Law of Forfeiture holds the promise of dramatically improving drug law enforcement while profiting the public treasuries. The long-range implications are enormous. The Drug Enforcement Administration sincerely believes that no state can afford to ignore the modern potential of this ancient legal doctrine.

Footnotes

[1] Finklestein, *The Goring Ox: Some Historical Perspectives On Deodands, Forfeitures, Wrongful Death And The Western Notion of Sovereignty*, 46 Temple Law Quarterly 169 (1973).

[2] *Calero-Toledo* v. *Pearson Yacht Leasing Company*, 94 S.Ct. 2080 (1974).

[3] Surrency, *The Courts In The American Colonies*, 11 Am. Jour. Legal History 253 at 261 (1967).

[4] *Supra* Note 2, at 2092.

[5] 21 U.S.C. 848.

[6] 18 U.S.C. 1962, 1963.

[7] *Asset Forfeiture—A Seldom Used Tool In Combatting Drug Trafficking*, General Accounting Office, GGD-81-51, April 10, 1981.

[8] 21 U.S.C. 881(a)(6).

[9] *The Palmyra*, 12 Wheat. 1, 6L.Ed. 531 (1827).

[10] *United States* v. *One Clipper Bow Ketch Nisku*, 548 F.2d 8 (1 Cir. 1977).

[11] See, e.g., *United States* v. *110 Bars of Silver*, 508 F.2d799 (5 Cir. 1975).

[12] 19 U.S.C. 1615; *One Lot of Emerald Cut Stones* v. *United States*, 93 S. Ct. 489 (1972).

[13] Rule 1101(e), Federal Rules of Evidence (28 U.S.C.); See, e.g., *United States* v. *One Twin Engine Beech Airplane*, 533 F.2d 1106 (9 Cir. 1976).

[14] Volume 9, Uniform Laws Annotated, Table of Jurisdictions.

"Operation Florida"

Excerpts from an address by Vice President Bush, chairman of a cabinet-level task force to coordinate federal efforts against crime in South Florida, before the Miami Citizens Against Crime on February 16, 1982.

To those who commit crime, who engage in violence, we say, the American people have great patience, but that patience has been sapped. South Florida cannot be a haven for criminals, for drug traffickers, for hired assassins.

During the past two weeks, we have been working long hours in trying to determine what can be done in the immediate short-term and in the long run to help solve problems related to the Task Force —especially the problem of crime. I would like to list today a number of decisions that have been made in a very short time to launch our effort. Others will be forthcoming in the weeks and months ahead.

Here are the problems relating to crime, as we see them, based on information provided us by law enforcement officials and responsible civilians representing various organizations here in the area.

- Insufficient jail space;
- Insufficient courtrooms;
- An insufficient number of judges;
- No permanent U.S. Attorney and 18 vacancies for assistant U.S. Attorneys;
- Insufficient manpower in all law enforcement agencies, such as the Drug Enforcement Administration; the FBI; Customs; Immigration; Alcohol, Tobacco and Firearms; and perhaps the Internal Revenue Service;
- Insufficient offshore surveillance;
- A need for greater cooperation with the Bahamas, Bolivia, Colombia, and Peru.

While the problems are numerous and serious, we have taken specific initiatives to make improvements in each of those areas.

1. The President intends to nominate Stanley Marcus to be the new U.S. Attorney for Miami. He is a brilliant young prosecutor with a proven record of accomplishment in the area of organized crime.
2. We will work with him in finding the very best assistant U.S. Attorneys from Florida and throughout the rest of the country—prosecutors who have established records of accomplishment in combating crime.
3. We now have an Administrative agreement between the Justice and Treasury Departments in setting up a joint task force consisting of DEA, the FBI and Customs. . . . In order to provide this joint task force with teeth, we will put 130 more Customs investigators into South Florida immediately.
4. As many of you know, the Miami office of the FBI will be strengthened with an increase of 43 new agents. Thirty-three have already arrived.
5. We have approved an increase of 20 agents for the Drug Enforcement Administration to work in Miami.
6. We are establishing a Financial Law Enforcement Center at the Treasury Department which will be extremely helpful in ensuring the full utilization of the information that is now available and of that which will become available under Operation Greenback. The Financial Law Enforcement Center started out with 18 experts. We will add 20 more to work on national problems involved in laundering of money, and an additional 20 experts who will focus on the Miami and South Florida area exclusively.

In this regard, I want to make this point as strongly as I can: Our investigative efforts will be as stringent on bankers and

businessmen who profit from crime as on drug traffickers, the drug pushers, the hired assassins and others. There will be no free lunch for the white-collar criminal.

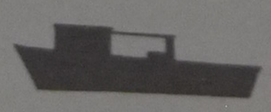
7. The Bureau of Alcohol, Tobacco and Firearms will soon be divided with the responsibility for firearms going to the Secret Service. You may be aware of personnel cuts in ATF but I want to assure you that not only will there not be any cuts in the South Florida area; instead we will be beefing up the Secret Service in order to launch an aggressive program to cut back on the illegal use of firearms, including the terrifying use of machine guns now plaguing the City of Miami.

"There will be no free lunch for the white-collar criminal."

8. Along with the Attorney General, I will be working with Chief Justice Warren Burger to see that additional judges are provided to South Florida. Additional courtrooms will be provided to relieve the backlog of cases that are now pending and to expedite those cases that come up in the future.

9. I will appoint an on-scene Task Force Coordinator to be headquartered here in Miami to coordinate local, state, and federal activities. The job will be to make sure that there is complete cooperation among the many diverse departments and agencies involved in solving this problem. The coordinator

The ocean-going vessels shown in silhouette were seized by the Federal Government in the South Florida area within the last year, carrying the amounts of marihuana indicated. Some of them off-loaded their contraband cargo from much larger mother ships.



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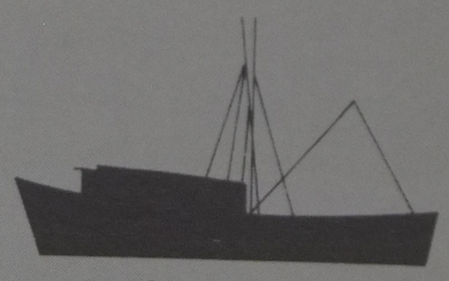
55,000 lbs.



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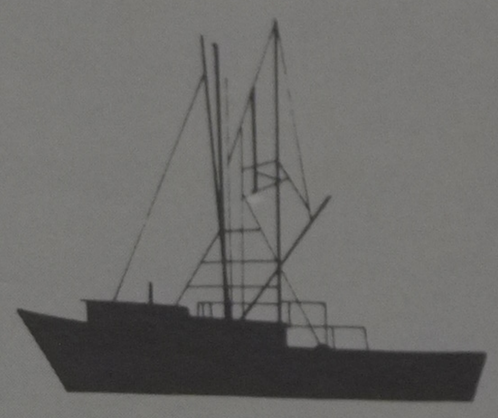

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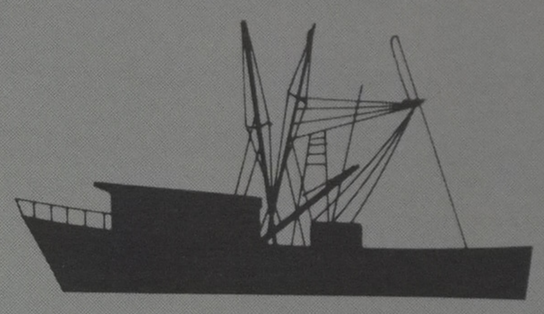

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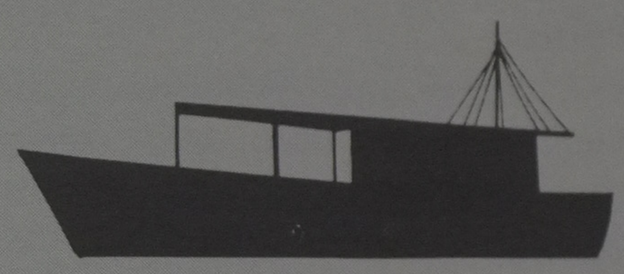

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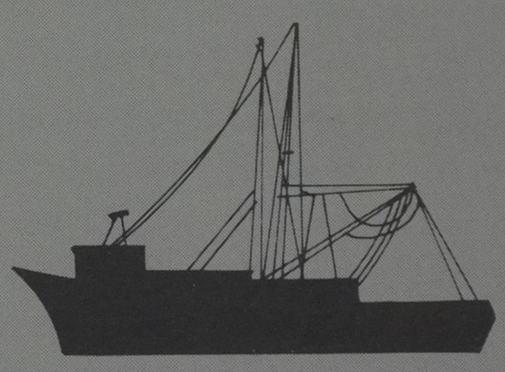

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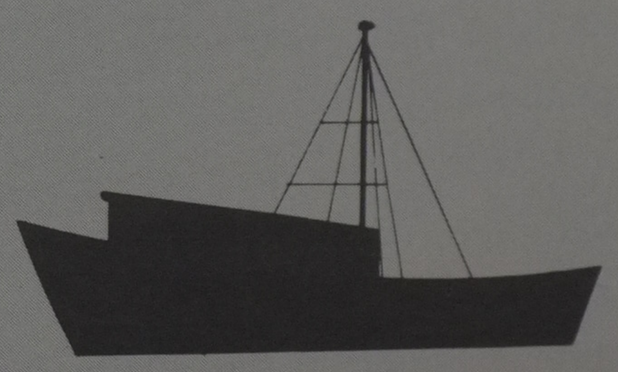

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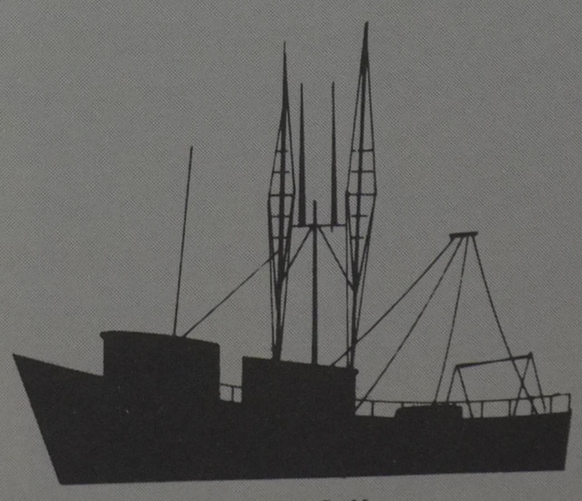


20,860 lbs.

Vice President George Bush receives a salute from members of the U.S. Coast Guard.

will report directly to the Task Force.

10. The Coast Guard will immediately and significantly increase its forces and manpower in the South Florida area to help in the coming months with the interdiction of illegal drugs and aliens. In addition, there will be no budget cuts for the Coast Guard in South Florida.

11. In order to increase our intelligence and surveillance, we will put back in operation a sophisticated AWAC's type aircraft. This is a highly efficient and effective method of detecting aircraft entering the area illegally. The Customs Department and other law enforcement agencies will be working closely with this intelligence operation.

12. Secretary of the Treasury Donald Regan has created a new position in the Internal Revenue Service called Assistant Commissioner for Criminal Investigations. This position will be filled shortly and will allow the IRS to conduct a more aggressive approach to the prosecution of tax-related drug crime.

13. Secretary Haig will work directly with the governments of Colombia, Bolivia, Peru and Jamaica to cut the flow of illegal drugs into the United States.

14. The Urban Mass Transit Transportation Administration will provide Metro Dade County with a transit security demonstration grant. This grant will implement a program designed to ensure passengers' security on public transit buses. The program involves the use of plainclothes decoys working in cooperation with uniformed officers.

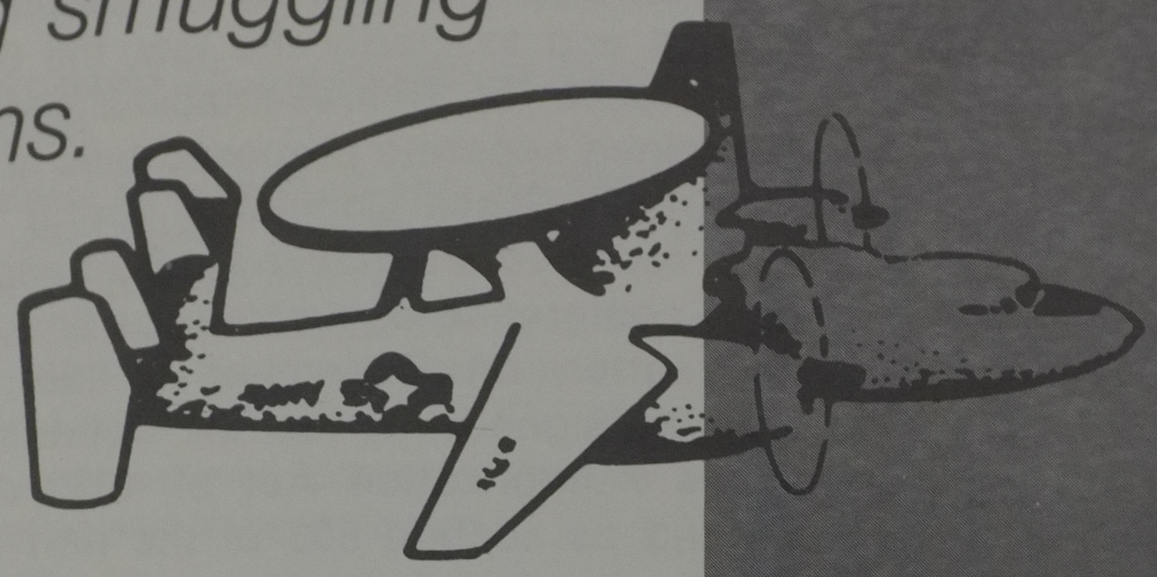
15. I have established a sub-group of the Task Force headed up by the Department of Justice to look at the problems and find solutions to the overcrowding of federal jails and prisons. This task force wants, and will have, federal facilities to keep criminals off the street.

16. We are working with the Congress and the Departments of Justice and State to expedite the implementation of the President's immigration policy aimed at assisting the South Florida area. In his testimony before the Congress, the Attorney General said, "The Administration is determined not to permit another Mariel."

I am confident that these actions will be of significant assistance, not only in fighting crime but in preventing the influx of illegal immigrants. While it is a lengthy list, there is much, much more to be done. The process of consultation and coordination between the federal establishment and those of you at the local level must and will be improved.

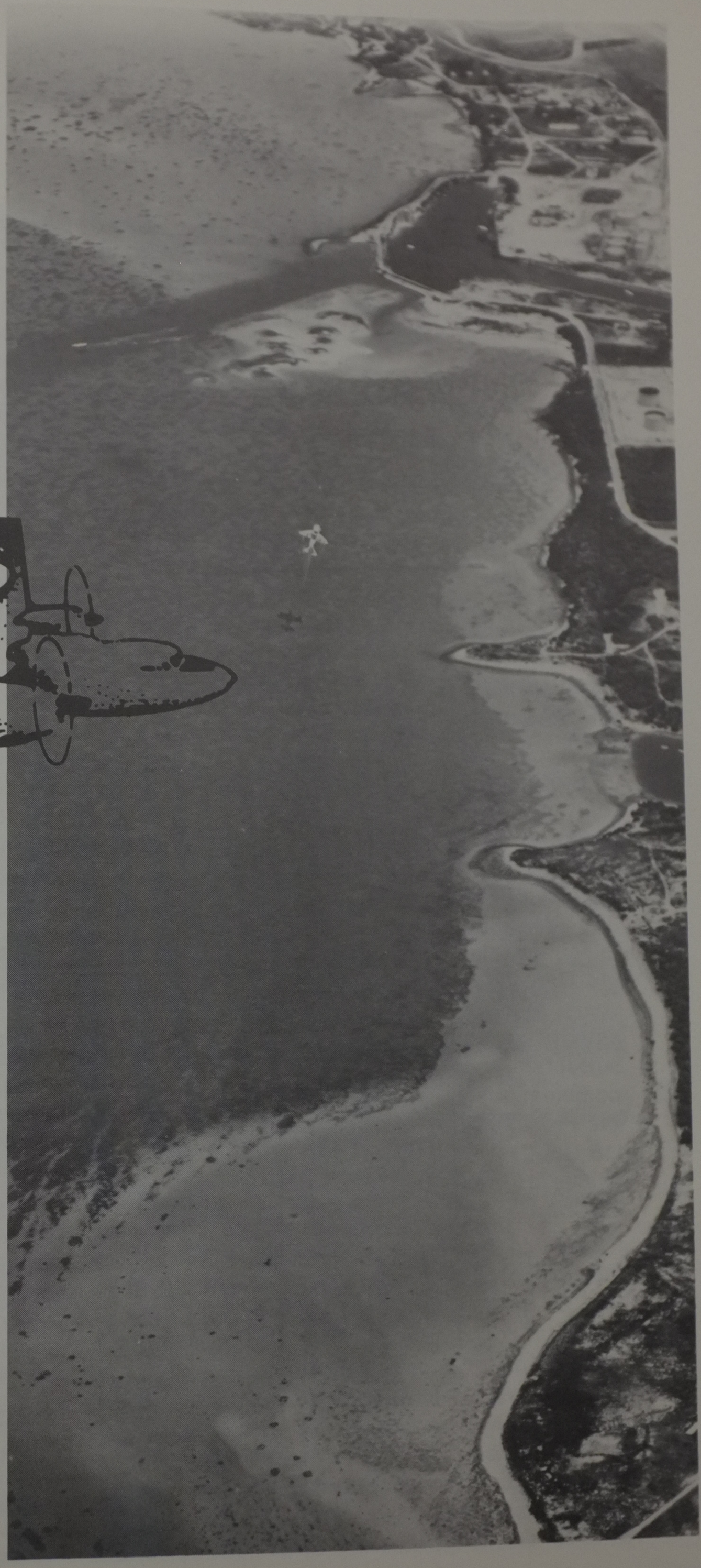
Posse Comitatus

A new law lifts the ban on military participation in anti-drug smuggling operations.



Steven Zimmerman
Office of Chief Counsel

The Latin term *posse comitatus* literally means the "power of the county" and traditionally encompasses the entire population of a county beyond the age of fifteen which a sheriff may summon to his assistance in certain cases. During the Reconstruction Era following the Civil War, U.S. Marshals in occupied southern states often called upon federal troops to form a *posse* for purposes of enforcing local laws. Once southern states regained representation in the Congress, it became a unanimous goal of southern Congressmen to prevent such practices in the future. The result of this sentiment was an 1878 amendment to an Army appropriations bill which is now codified at 18 U.S.C. § 1385. The restriction prohibits use of any part of the Army (and now Air Force as well) "as a posse comitatus or otherwise to execute the laws." Any willful violation constitutes a



felony punishable by fine of not more than $10,000 or imprisonment for not more than two years, or both.

There is no record of any criminal prosecution under the Posse Comitatus Act in the more than 100 years that it has been in effect. The provision has, however, had a significant influence upon cooperation between military authorities and civilian law enforcement officials. Although there is an agreement that military troops may not be used to supplement civilian law enforcement officials in direct civilian law enforcement activities, there is widespread confusion as to the precise meaning of the ban on use of the Army or Air Force "otherwise to execute the laws." Moreover, case law and legal opinions have not clarified all the ambiguities which exist in this area of the law.

There are some points, however, upon which there is agreement. First, despite claims to the contrary, the Posse Comitatus Act is not a constitutionally mandated statute. Rather, it is subject to revision and exception. In fact, the Act itself permits military assistance in the execution of laws if specifically authorized by the Constitution or Act of Congress. Over the years, therefore, the Congress has specifically authorized military assistance to control insurrection, armed rebellion or other unlawful combinations (10 U.S.C. § 331-334), to protect the President from assassination or kidnapping (18 U.S.C. § 1751 (i)), and in such esoteric activities as protecting the rights of the discoverer of a guano island (48 U.S.C. § 1418).

Second, the Posse Comitatus Act prohibits "active" or "direct" military assistance in support of civilian law enforcement but permits "passive" or "indirect" aid. It has generally been held therefore that military authorities may lend equipment to civilian law enforcement officials. For example, military authorities loaned armored personnel carriers, helmets, and flak jackets to federal law enforcement authorities during the Wounded Knee incident in 1973. But while military officials may lend a helicopter to civilian officials, they may not provide a military pilot to operate the helicopter in searching for prison escapees. The "active-passive" and "direct-indirect" tests have raised as many questions as they have solved. Of course, military commanders are understandably cautious in assisting where there are doubts about the propriety of a specific request for aid since a mistake could result in a felony conviction.

In an effort to resolve the continuing ambiguities and to clarify the law, the Senate and the House of Representatives independently examined separate proposed bills of legislation regarding Posse Comitatus during 1981. Both bills received affirmative support and were sent to a conference committee for final resolution. Thereafter, on December 1, 1981, President Reagan signed into law the Department of Defense Authorization Act of 1982, S. 815. Included as section 905 of the new Public Law 97-86 are the following amendments to the Posse Comitatus Act (18 U.S.C. 1385), codified at Title 10, United States Code, sections 371 to 378.

§ 371. Use of information collected during military operations

The Secretary of Defense may, in accordance with other applicable law, provide to Federal, State or local civilian law enforcement officials any information collected during the normal course of military operations that may be relevant to a violation of any Federal or State law within the jurisdiction of such officials.

§ 372. Use of military equipment and facilities

The Secretary of Defense may, in accordance with other applicable law, make available any equipment, base facility, or research facility of the Army, Navy, Air Force, or Marine Corps to any Federal, State, or local civilian law enforcement official for law enforcement purposes.

§ 373. Training and advising civilian law enforcement officials

The Secretary of Defense may assign members of the Army, Navy, Air Force, and Marine Corps to train Federal, State, and local civilian law enforcement officials in the operation and mainte-

nance of equipment made available under section 372 of this title and to provide expert advise relevant to the purposes of this chapter.

The new sections 371-373 of Title 10 incorporate existing interpretations of the Posse Comitatus Act by clearly setting forth statutory authorization for military officials to provide information, equipment and/or facilities and to also provide training and expert advise to civilian law enforcement officials. Provisions are herein incorporated to insure compliance with other applicable laws, such as the Privacy Act and the Federal Property and Administrative Services Act.

§ 374. Assistance by Department of Defense personnel

(a) Subject to subsection (b), the Secretary of Defense, upon request from the head of an agency with jurisdiction to enforce—

(1) the Controlled Substances Act (21 U.S.C. 801 et seq.) or the Controlled Substances Import and Export Act (21 U.S.C. 951 et seq.);

(2) any of sections 274 through 278 of the Immigration and Nationality Act (8 U.S.C. 1324-1328); or

(3) a law relating to the arrival or departure of merchandise (as defined in section 401 of the Tariff Act of 1930 (19 U.S.C. 1401)) into or out of the customs territory of the United States (as defined in general headnote 2 of the Tariff Schedules of the United States (19 U.S.C. 1202)) or any other territory or possession of the United States,

may assign personnel of the Department of Defense to operate and maintain or assist in operating and maintaining equipment made available under section 372 of this title with respect to any criminal violation of any such provision of law.

(b) Except as provided in subsection (c), equipment made available under section 372 of this title may be operated by or with the assistance of personnel assigned under subsection (a) only to the extent the equipment is used for monitoring and communicating the movement of air and sea traffic.

(c) (1) In an emergency circumstance, equipment operated by or with the assistance of personnel assigned under subsection (a) may be used outside the land area of the United States (or any territory or possession of the United States) as a base of operations by Federal law enforcement officials to facilitate the enforcement of a law listed in subsection (a) and to transport such law enforcement officials in connection with such operations, if—

(A) equipment operated by or with the assistance of personnel assigned under subsection (a) is not used to interdict or to interrupt the passage of vessels or aircraft; and

(B) the Secretary of Defense and the Attorney General jointly determine that an emergency circumstance exists.

(2) For purposes of this subsection an emergency circumstance may be determined to exist only when—

(A) the size or scope of the suspected criminal activity in a given situation poses a serious threat to the interests of the United States; and

(B) enforcement of a law listed in subsection (a) would be seriously impaired if the assistance described in this subsection were not provided.

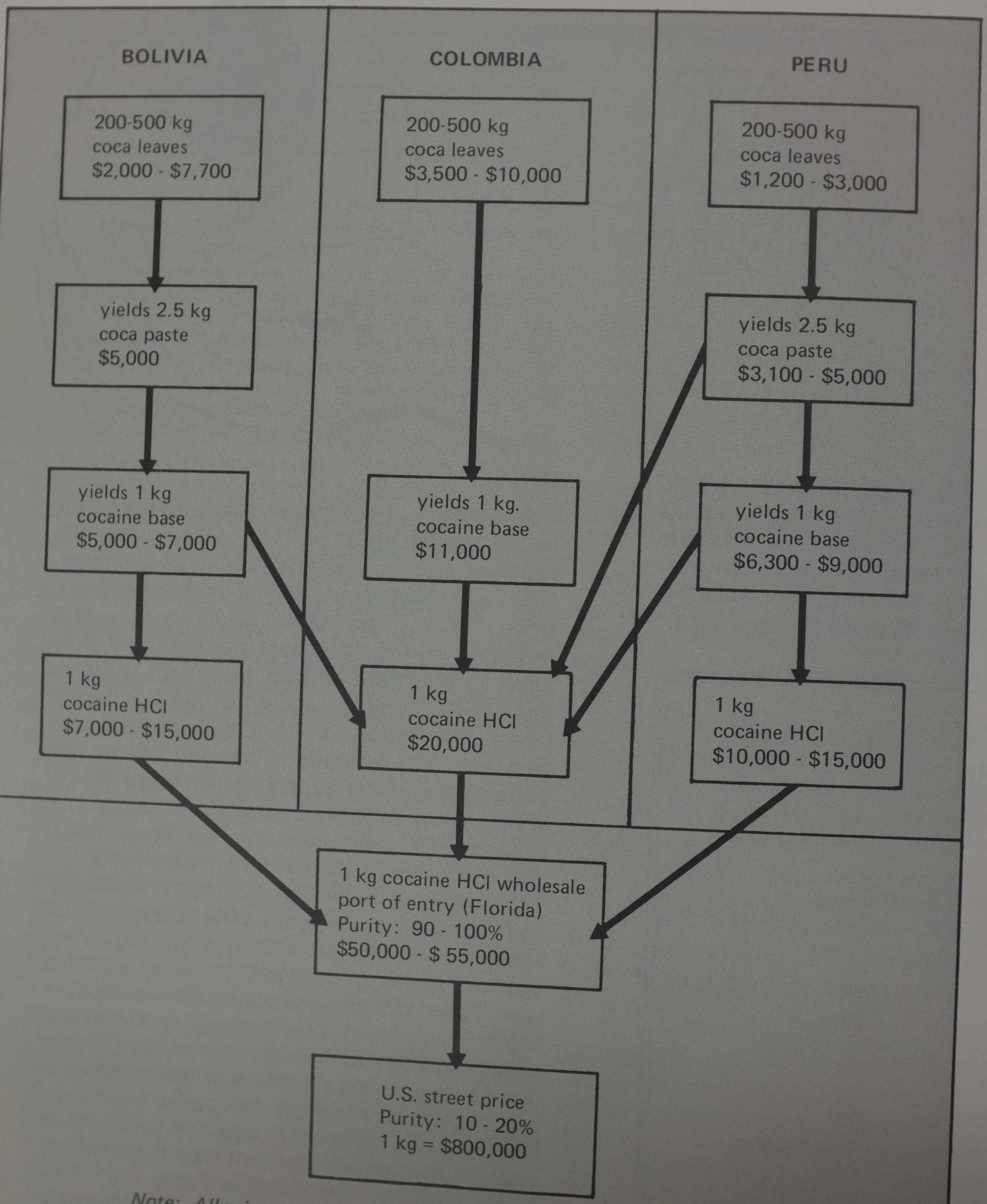
The new section 374 expands military support capabilities in connection with tracking and communicating the movement of air and sea traffic. This section is of particular significance in the area of narcotics enforcement. [See 10 U.S.C. 374(a)(1)]. It is noted that subsection (c) is directed to emergency situations only, as determined jointly by the Secretary of Defense and the Attorney General. This procedure is intended to focus on the threat of a large-scale criminal activity at a particular point in time or over a definite period and should not be utilized for the declaration of an emergency which would permit use of this subsection's authority on a routine or extended basis.

§ 375. Restriction on direct participation by military personnel

The Secretary of Defense shall issue such regulations as may be necessary to insure that the provision of any assistance (including the provision of any equipment or facility or the assignment of any personnel) to any civilian law enforcement official under this chapter does not include or permit direct participation by a member of the Army, Navy, Air Force, or Marine Corps in an interdiction of a vessel or aircraft, a search and seizure, arrest, or other similar activity unless participation in such activity by such member is otherwise authorized by law.

The new subsection 375 precludes the direct participation of military personnel in any law enforcement action unless that activity is

Cocaine Prices at Successive Stages of Trafficking (1980)



Note: All prices are in terms of undiluted product. Prevailing purities at distribution levels are indicated merely for convenience.